Friday September 29 1989

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World News

Marcos dies in Hawaii after three years in exile

Ferdinand Marcos, who was brought down by popular revolt and fled the Philippines in 1986 after more than two decades as the increasingly despotic and corrupt president, died in hospital in exile in Hon-olulu, Hawaii. He was 72.

Party boss toppled THE last major survivor of Soviet rule under Mr Leonid Stezhnev, 71-year-old Mr Vladi-mir Shcherbitsky, was toppled from his post as Ukraine Com-munist Party boss. Page 2

E German refugees Nearly 2,000 East German asy-lum-seekers inside the grounds

of the West German Embassy in Progue rejected East Berlin's offer to allow them to emigrate to West Germany. Page 2

Greek election

The Athens caretaker Government will lead Greece to elec-tions on November 5, the second poll this year, the ruling coalition announced. Page 2

Extradition threat

Britain would not stand in the way if Colombia sought the extradition of British mercenaries alleged to have trained Colombian drug gangs, said Mr John Major, UK Foreign Secretary. Page 3

US school goal

President George Bush agreed with state governors to set national goals for the US education system after a two-day summit. Page 3

Nato low flying After nearly a year of negotia-

West German Government reached agreement on significantly reducing noisy low-fly-ing by military jets. Page 2

. S Africa action

Commonwealth Heads of Government receing in Malaysia next mouth should continue to seek united action to end Sir Shridath Ramphal, Commonwealth Secretary-General

Brazilian polis

Two Brazilian opinion polls showed that support for Fer-nando Coller de Mello, front-runner for months in Brazil's presidential election race, was tumbling. Page 3

Japanese tax bid Japanese opposition parties submitted a package of four Bills calling for abolition of the planned 3 per cent con-sumption tax. Page 4

Oil explosion

An oil wel! blew up in eastern Venezuela killing four Americans doing repair work on the facility, the state oil subsidiary Corpoven said.

Glemp criticism

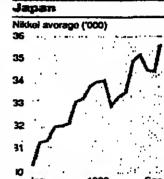
Poland's Reman Catholic Primate Josef Glemp has denied anti-Semitten in criticising went situd at the former Nazi death camp Auschwitz.

Spanish challenge A Spanish Army colonel. already under house arrest for suggesting the army could

not fight its way out of a paper bag, said it again, challenging the Socialist Defence Minister to toughen his punishment. MARKETS

barter deal to build

PEPSICO, US soft drinks group, is entering an unusual barter deal with the Soviet Union under which it is helping to finance the building of 28 Soviet Pepsi plants and acting as an agent in the sale of new Soviet ships. Page 18



pects and a wave of huying from investment funds, the Nikkel average advanced 319.41 to a record 35,689.98. Page 46 KYOCERA, Japanese indus-trial ceramics and electronics group, is acquiring AVX, US-based maker of electronic com-

MERCE, world's largest phar-maccuticals company, and DuPont, chemicals group, agreed to work together on

HANSON group, UK multi-na-tional, has made redundant the entire head office stall of Consolidated Gold Fields, diversified UK mining group, which it controls, Page 19

FIAT, Italian car manufacturer, reported first-half profits

with a 27.5 per cent rise in pre-tax earnings. Page 19 CIBA-GEIGY. Switzerland's biggest chemicals company, has invited environmental

ruptcy courts for the second time in seven years. Page 20 BAYER, West German chemicals and pharmaceuticals com pany, is calling in outside experts to judge safety of its genetic engineering. Page 2 AUSTRALIA'S big four commercial banks agreed to hold

SCANDINAVIAN Airlines Sys tem (SAS) and Swissair have agreed to force a joint partner ship in preparation for deregu-lated European airline Indus-

ES GOVERNMENT demanded compensation from 14: Japanese construction companies accused of risking bids and overcharging for work on US militars facilities. Page 6 SHELL Esso and Enterprise

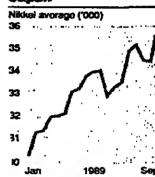
Oil, three oil companies operating in North Sea, ended a year-long battle over the Nelson oilfirid. Page 10 INTEL of California, world's

leading manufacturer of advanced computer chips, expected to announce development in Lire. Page 6 CHEMIE Holding, Austria's

largest chemicals company. plans to sell its pharmaceuticals division for a targeted

Business Summary

Soviet plants



(home loans institute) is to

close more than 150 of its 883 branches. Page 8

groups to help run chemicalwaste plant. Page 2

BRANIFF, US airline, has

mortgage rates at 17 per cent.



bank base rates grew. Mr Nigel Lawson, the Chancellor of the Exchequer, yester-day reported to the Cabinet on

new medical drugs. Page 19

NATIONWIDE Anglia, second largest UK huilding society

try. Page 21

price of about \$230m. Page 23 AUSTRALIA'S pilots rejected official mediation of their sixweek-old pay dispute with the donestic arrines, dashing hopes of a quick return to nor-mai services. Page 4

STOCK MOICH

229: 71-312)

1,876 21 - 39 5)

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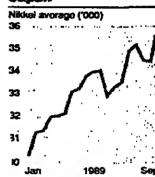
FT-A long gilt yield Index Nigh coupart

FT Ordinary:

FT-SE 160:

PepsiCo signs

JAPANESE EQUITIES were pushed to new highs by an offi-cial guide to interest rate pros-



UK SHARE prices fell sharply yesterday as the pound faltered on foreign exchange markets and the prospect of higher

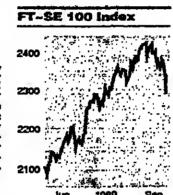
Mr Michel Camdessus, managing director of the Inter-national Monetary Fund, said yesterday that the IMF's new the economic outlook as the Bank of England intervened to support the pound.
There is considerable nervousness among some of his ministerial colleagues about the possibility of another rise in base interest rates before the Conservative Party confer-ence in two weeks.

One Government minister

Trading in sterling was conducted yesterday against a background of considerably uncertainty in London's fina cial markets. Analysts said there had been no large scale

although many thought an expected rise in West Cerman interest tates next week could undermine confidence in the pound. Trading in currency markets has so far been domi-nated by the attempt of G7 central banks to push the dollar lower, sterling has benefited from the market's attention to

FT-SE 100 Index



York it closed at DM1.88163 and Y140.65. But the central bank inter-vention on the dollar has com-pounded the Bank's difficulties

conference which starts on Oct 10, and will provide useful ammunition for the opposition Labour party at its conference next week. The Chancellor faces a number of critical motions, many about his reliance on interest rates to curb inflationary pressures.

Lex. Page 18: Currencies, Page 42; London Stock Exchange

pounded the Bank's difficulties in propping up the pound. The West German Bundesbank has been selling dollars for D-Marks, as has the US Federal Reserve. This has had the effect of strengthing the D-Mark against all currencies. This week's gloomy economic news will cast a shadow over the Conservative Party conference which starts on Oct.

for their produce.

Continued on Page 18

SWEDEN

Soviet Union suggests summit to wrap up arms talks

By Judy Dempesy in Vienna

THE Soviet Union yesterday added its voice to optimistic US predictions about conventional disarmament in Europe by proposing a starmit in the second half of 1990 to sign an agree-ment wrapping up the Vienna

Mr Oleg Grinivsky, chief Soviet negotiator at the talks, also disclosed a fresh conces-sion in the Warsaw Pact's negotiating position which would broaden the extendries of sireraft over which it is prepared to negotiate.

In May, President George Bush's called for agreement in

commented that Mr Lawson

remained concerned to avoid any further rise in borrowing

costs but was expected to sanc-tion such an increase if the the

Bank of England's intervention

failed to prop up the pound.

A rise in base rates would

force an immediate increase in mortgage rates which would

push up the recorded inflation

rate over the next few months and in turn intensity upward

ressure on wage demands. Despite the Bank's interven-

tion to support the currency, sterling ended the day at its lowest level against the

The weakness of the pound, and the possibility that inter-

raised, undermined share

prices. The FT-SE 100 Share

index closed 39.5 points down at 2,291.7. It lost 1 plennig and

1's cents to DM3.0250 and

D-Mark in 11 weeks.

Vienna within six months to a year had prompted officials from several Allied countries to caution about the ambition of such a timetable. Since then, however, the two sides' negotiating positions have moved stradily closer and Mr Grivin-sky suggested yesterday a for-eign ministers' conference in the first half of next year could resolve outstanding problems. Agreement could then be sealed at "an all-European con-ference," said Mr Grivinsky. He did not specify that the US and Canada would attend the

would seem little prospect of Western agreement to a meeting without the North American allies.

The new Warsaw Pact posi-tion on air defences marks a shift from the previous posi-tion which focused on a pro-posed ceiling of 1,500 "strike" aircraft for both alliances.

The Pact is now prepared to include what it calls all 'tactical aircraft and has proposed a maximum number for each side of 4,700 — hringing its position closer to that of Nato, which envisages ceilings of 5,700 for all combat aircraft.

The East bloc, however, will continue to demand the exclusion from any agreement of "air defence" aircraft, of which it says it has about 1,800. Nato has long rejected the Pact's insistence on drawing a dis-tinction between defensive and

offensive aircraft. The Warsaw Pact also raised its proposed ceiling on combat helicopters - from 1,700 to match precisely Nato's ceiling of 1,900. The proposals were immediately welcomed by sev-oral Nato delegations as a "very important step" towards reaching an accord.

Nato diplomats acknowledged the Soviet Union had made a considerable compromise but continued to express concern about the future capebility of the Pact's air defence

But Mr Grinevsky insisted that sircraft in this category "have no ground attack capa-bility and are not part of the surprise attack potential." The Vienna talks aim to lower the possibility of a surprise attack.
The Soviet negotiator said
the aircraft would only cover
vital installations located deep inside Soviet territory.



European conference, but there Poland Pound, shares fall as prospect grows of base rate rise

By Simon Holberton and Philip Stephens in London

Camdessus defends IMF lending policy

yesterday that the IMFs new lending strategy was needed to support the kind of economic reform programmes recently adopted by Poland and Argen-tina. Both he and Mr Barber Conable, World Bank presi-dent, praised these pro-grammes. Report, Page 18

selling of the pound.

Few were able to predict the course of market developments

the dollar, they said. Central banks of the Group

of Seven leading industrialised countries continued their concerted intervention. In Europe. however, the doilar, ended broadly unchanged against the D-Mark and the Yen at DM1.8815 and Y146.5. In New

per cent against the dollar, announced yosterday by Poland's National Bank, would be followed by further realignments in the next few months

UK brewers begin shake-out after monopolies investigation

By Lies Wood in London and Ian Hamilton Fasty in Manchester

British brewing and lesiure sector - the Thistic Hotel chain and Boddington the brewer - charged hands yes-terday in deals together worth more than 1700m (\$1.125m)
Mount Charleste Investments, aiready Batta n's second largest hoteler, becomes the

biggest hotel operator in our biggest hotel operator in our tral London stier paying Sout-tish & Newcayle Breweries \$640m for the Thirde chain. At the same time Boddington said it was selling its brew-ing operations to Whithread for 150 7m to consentrate on its pub retailing, hotel and health eloth deals are indicative of the charges starting to accelerate in Britain's browing and leisure sector with browers, in

the months after the recent publication of a Monopolies and Mergers Comission investi-

gation, focusing on those busi-nesses they identify as having the strongest growth potential. S & N announced in July

TWO well-known names in the chaser for the Thistie Hotel chain, which operates 31 hotels in England and Sertianal Thustie, which was formed in 1965, made an operating profit of 125 km on furnover of E110.9m in the year to the end of April when Thislie had not Assets of 100m.

Mount Charlotte had bid

about 1600m for the hotels but increased its offer when the freehold of The Tower Hotel, at St Katharine's Dock, was included.

included.

The freel operator will make an initial payment of £561m and a further interest free payment of £66m nint year. After completion, the company intends to displee of some of the combined partfolio of £65 botels to realize up to £200m.

The group is funding the first part of the first payment in £500m. deal partly through a one for three rights latte at 72; each to raise \$151.4th, with the rest through bank horowings. Boddington Britain's sixth largest brewer which yester-day announced a 94 per cent

to STAm, said it had decided to sell its brewing operations because of declining ale sales and under utilisation at its breweries.
Whithread, which with the

Whithrend Investment Trust holds a 30 per cent stake in Roddington, claimed resterday that the acquisition would make it equal with Allied-Lyons as Britain's sec-ond largest between after Bass. It bepen the acquisition would not be referred to the MMC by the Office of Fair Trading. Whiteread believes that the Buddington name will enable it to take advantage of plans, due to be introduced by the Gov-

erement, that will oblige large brewers to take guast ale brands in their pubs. Boddington said yesterday that the sale - made after a private auction - had not been provoked by government draft rules on the brewing industry which flowed from the MMC proposals. Lex. Page 18; London stock

that if was looking for a purrue in interior pre-tax profits exchange, Page 35 Chines Taking a view on Poking's perspective



Neil Kinnock (left). leader of the opposition Labour Party, has to a large extent manufactured his own luck. But the reshaping of the party is at it far from complete with an election perhaps

Joint wentures: Finnish companies unravel the Soviet labyrinth ... Sperst Die Walkure at Covent Garden 18 Editorial comments The Polish package; US goals in the Uruguay Round Buridings Susiness as usual after the crisis at Lessbards Home truths about trade Less Markets; United Newspapers, Brewing . 18 26 Few Melenikle 34

devalues currency by 20 per cent By Christopher Sohinski in Warsaw

POLAND yesterday launched a series of devaluations of its currency and unveiled plans for sharp rises in prices for food, fuel and agricultural

machinery.

Plans by the Solidarity-led coalition Government for further deep cuts in subsidies. ther deep cuts in subsidies possibly from the beginning of
next week - were outlined by
to Solidarity's parliamentary
deputies by Mr Marck
Dahrowski, the newly
appointed Deputy Minister of
Finance.

He said his Ministry planned
the cuts from the beginning of
October and warned that
wrices would have to rise fur-

prices would have to rise fur-ther to bring down the coun-try's current 50 per cent rate of inflation. He was speaking as Mi

Leszek Balcerowicz, Deputy Premier in charge of the econ-omy, returned from Washing-ton where he had outlined to senior Western financial offi-cials plans for full liberalisa-tion of Poland's sconomic sys-Mr Dabrowski said that the devaluation of the zloty, by 26

The pian for "significantly" lower subsidies on meat, milk, bread and imported raw materiels comes as Poles are still coming to grips with the rise in the price of petrol and diesel fuel. This almost imme-diately led to a doubling of prices demanded by farmers

Bush retains initiative on budget policy

PRESIDENT George Bush yesterday won an important political victory when the House of Representatives easily approved proposals to cut the US capital gains tax, which is expected to stimulate stock market activity and esset sales. The vote, by margin of 239 to 190, follows eight months of increasingly hitter infighting on what has become a key test both of political power and of rival economic approaches.

Some 64 mainly conservative Democrats joined all but one Republicans in voting against the alternative to a capital gains tax cut offered by the congressional isadership, which would have involved increasing taxes for the very wealthlest and extending tax reliefs for savings via individual retirement accounts. This cross-party group is similar to the coalition which supported

the coalition which supported former President Reagan's tax cuts in the early 1980s.

The result represents a serious setheck for the new Democratic leadership in the House which land made the lease one of party loyalty. It gives the initiative to the President shead of key decisions in coming monits on how to reduce the federal hudget deficit. the federal hudget deficit, though it still blocks the path of higher taxes. The Administration backed plan would allow the exclusion

from taxation of 30 per cent of

the profits from the sale of assets like shares, property and timber, in effect cutting the rate from 23 to 195 per cent. This would apply until

the end of 1991, after which the

though gains reculting purely from inflation would not be The proposal should, hy

The proposal should, hy encouraging sales of assets, increase tex revenus by \$2.4m in the first three years, but would lose tabe a year therester. The Congressional Budger Office has estimated that four-firms of the benefits from the cut would go to those with incomes exceeding \$100,000 a year, or about 3.3 per cent of all US taxpayers.

The proposal will shortly go to the Senate where the Democratic leadership hopes for greater support for its alternative to a capital gains cut. Unlike the House version this would not involve raising taxes on the wealthings.

on the weelihing. Republicans and conserva-tive Democrats have argued that a cut in capital gains tax should shoomage investment and create jobs, citing the example of former President

Example of former President Kennsdy's call for such a such as Mr Dan Rosentkowski, whose Ways and Meanis Committee approved the cut over his objections, have argued that the plan savages the tax reforms introduced in 1886.

Mr Rosentkowski said lower capital gains taxes were "a temporary feel good ghossick" that would lose money in the long-run.

long-run.
The vote shows in part the continued influence of Republican warnings against tax increases. A number of countries were worsed

. in 13 : V

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\$18 05 (1: 575) Chief price changes yesterday Fage 18

RATES

US LUNCHTIME RATES Fed Funds 9½ % 3-mo Treasury 8i yield: 8,03% Long Bond:

New York DM1,8825 FFr8 3760 SFr1.633 Y140.585

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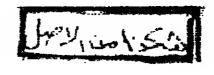
MARKET REPORTS CURRENCIES, Page 42, BONDS Page 23,74 COMMODITIES, Page 34, EQUITIES Pages 35 (London, 45 (World)

CONTENTS The magic that British's Labour Party needs to win

two years away M ----- 18,21

Agreed to the Ag

Lunder: W3*13 '9381



Slovenes

own fate

By Judy Dempsey in

decide their

A combination of mounting public pressure, fuelled by growing nationalist tensions between the republics of Serbia and Slovenia, forced the Slovene communist party and

the local assembly to adopt

this week's sweeping changes

want to

By David Goodhart in Bonn and David White in London

AFTER nearly e year of often et 250 feet is allowed. The tense negotiations with its Nato partners, the West Germen government has reached agreement on significantly reducing noisy low-flying by military jets over its territory.

Low-flying became a big political issue at the turn of the year after an accident at an air show in Ramstein and the crash of a US jet into the small town of Remscheid which claimed 76 lives. Those incidents added to growing disenchantment with the heavy military presence inside Germany at a time of reduced international tension. That disenchantment has

been especially acute in the seven regions where low-flying

Ciba-Geigy

waste plant

By Peter Marsh

seeks help on

CIBA-GEIGY. Swltzerlaud's biggest chemicals company, has invited environmental groups to belp in the adminis-

tration of a chemical-waste trestment plant whose con-

struction has been delayed by fears over pollution.
Plans for the SFr120m

(£46m) plant, which Clha-Geigy wants to hulld in Basle

over the next two years, have

aroused fears that uoxions materials might be trans-

ported to the city.

Another fear is of possible emissions from the plant —

which would be hased on high-temperature incineration – of dangerous gases.

Mr Alex Kraner, chairman of Ciba-Geigy, said the plant was badly needed to help the

entire Swiss chemicals indus-

try, which has to export much of its more dangerous wastes

because of a shortage of treat-

Mr Krauer said thet.

although Ciha-Gelgy would pay for the plant, roughly half its capacity of 13,000 tonnes a year would be reserved for the

use of outside gronps. These

could include other Swiss

chemicals companies such as Sandoz and Hoffmann-La

Roche, together with munici-

Ciba-Geigy planned to set up a committee to regulate run-

ning of the plant, which would represent local authorities and

environmental groups. "This is based on the belief that we have nothing to hide," said Mr

study for Bayer

BAYER, the big West German

chemicals and pharmacenti-

cals company, is calling in ont-side experts to judge the safety

of its work in genetic engi-

neering.
The study, announced yes-

terday, is in response to con-

cern in Germany sbont the possible risks to human and

animal bealth from new bio-

logical techniques being devel-

oped in some parts of the chemicals husiness, especially

involving health care and agri-

Bayer's chairmau, sald in announcing the research that

the company was happy to discuss the controversial issues of genetic engineering with the

But he warned that develop-

ment of the techniques in Ger-

many could be hampered by

restrictive lsws and ill-in-formed public opinion.

The study on genetic engineering – the artificial manipulation of blological organ-

isms using novel sclentific techniques - will cost Bayer

DM4m (£1.3m), It will be conducted by a number of independent scientific institutions.

Mr Strenger said companies were unlikely to invest large

sums of money in genetic engi-

neering if commercial exploi-

tation of their work was likely

to be delayed indefinitely.

Greeks set new

A CARETAKER government

will lead Greece to elections on November 5, the second to

be held this year, the ruling conservative-communist coali-

The coalition government,

which took power after the Socialists were defeated in an

inconclusive poll last June, is

to resign next week after com-

pleting its three-month man-

date to investigate official cor-

In e secret ballot early yes-terday, Parliament decided by

Papandreon, 70, should stand

trial on charges of hreach of

faith, accepting bribes and

receiving criminal proceeds in

Papandreou.

tiou announced yesterdey.

election date By Kerin Hope in Athens

Mr Hermann Streuger,

ment facilities.

pal anthorities.

Genetic

engineering

By Peter Marsh

culture.

centre-piece of the low-flying package announced yesterday by Mr Gerhard Stoltenberg, the defence minister, is a reduction of flying time in those areas by about 45 per cent. Overall Mr Stoltenberg

claims to have cut the 68,000 annual hours of low-flying by a quarter. The Royal Air Force, responsible for much of the 45,000 hours flown hy other Nato countries, said the reduction would not mean more low-flying over Britain. But Britain has warned the US and West German air forces that it may now have to cut the amount of low-flying

training they do in the UK as a

result of the restrictions placed on the RAF in West Germany.

THE European Community is

THE European Community is considering plans for a single licence for leasing companies which would allow them to operate throughout Europe once they had home country authorisation. Sir Leon Brittan, commissioner for competition policy, said in London yesterday.

The proposals along the

London yesterday.

The proposals, along the lines of those already established for banks, would involve establishing minimum capital and supervisory rules for all leasing institutions, he said in a speech prepared for delivery to the UK Leasing Equipment Association.

By Quentin Peel in Moscow

THE last major survivor of

Soviet rule under Mr Leonid

Brezhnev, 71-year-old Mr Vladi-mir Shcherbitsky, was yester-day toppled from his post as Communist Party boss in the

Ukraine under the watchful eye of Mr Mikhail Gorbachev.

Against the background of a

swelling tide of nationalism in the Soviet Union's largest non-Russian republic, Mr Shcher-

bitsky was allowed to with-

draw into retirement, and make way for his chosen suc-

meeting of the Ukraine Communist Party central committee was something less than a total victory for Mr Gorbachev, for the new republican party leader, Mr Vladimir Ivashko, has no track meand a smeat

has no track record as a great

Mr Gorbachev was rumoured

to want a Ukrainian ontsider

for the joh, not part of the party machine built up by Mr

Shcherbitsky since he became

in the event, 56-year-old Mr

ivashko, deputy leader since

only 1988, was regarded as the

inevitable choice, with Mr

THE beleaguered official trade

unions of the Soviet Union, fac-

ing the threat of an indepen-

dent union movement based on

the coal miners' strike commit-tees, are seeking to regain the initiative with demands for

sweeping new powers from the

The latest draft trade union

law submitted to the Supreme Soviet would give the unions

the right to veto factory clo-sures, to reverse "unjustified"

price increases, control the

sctivities of co-operatives -

the new private sector - and

profits are spent.

However, the official unions, members of the All-Union Central Council of Trade Unions

(AUCCTU), appear to have dropped their insistence on a

veto over workers' strikes, in

the face of the fury of the min-

The latest draft for the new

trade union law, approved hy

ers' strike committees.

Official trade unions

try to regain initiative

its leader in 1972.

By Quentin Peel

Soviet parliament.

Party boss toppled

The hardest part of the negotiation was the reduction in flying time in the low-flying minutes. areas from a maximum of 28 minutes to 15 minutes per mission. Negotiations with the British were particularly difficult and even Mr Stoltenberg's carefully worded report admitted they were

"intensive".
Senior RAF officers warned yesterday that the West German package would have "some effect" on operational capabilitybut said they hoped that it could be contained.
The main impact on RAF Germany will be to limit its

Germany will be to limit its low flying there to a total of about 5,000 hours a year, based on an average of 15 minutes at low level per sortie. This

The growth of leasing as a financial activity in Europe

had created anomalies because in some member states leasing

in some member states leasing was regarded as a hanking activity and in others it was not. Banks which were engaged in leasing would benefit from the market opening created by the new Banking Directive while other companies in the same business would not.

Sir Leon acknowledged that there was some opposition to

there was some opposition to the idea of a single leasing licence in the UK, where companies felt it would add an additional European layer of

Shcherbitsky's blessing. He is seen as more of a pragmatist,

but has spent his entire career inside the Ukrainian party hierarchy, with minimal expo-sure to national or interna-

tional politics.

The Ukrainian party leader can expect to be almost auto-

matically a member of the ruling Politburo in Moscow — as Mr Shcherbitsky was until voted out last week in Mr Gor-

bachev's latest purge of conservative figures. It will be a test of the Soviet leader's approval just how quickly Mr Ivashko

wins that promotion. His immediate challenge will

be to come to terms with the

nationalist movement, princi-pally in the form of Rukh, the

Popular Movement of Ukraine

for Perestrolka.

In a revealing interview published yesterday in Sovietskaya Kultura, Mr Leonid

Kravchuk, the Ukrainian party ideology secretary and there-

fore one of his closest aides,

admitted that the party was

losing the public debate to the

informal movements - and

urged party members to get

the AUCCTU before heing

debated by the Supreme Soviet,

reflects the concerns of Soviet

workers at growing inflation,

and the threat of unemploy-ment from the likely closure of

The unions, in spite of admitting their own failure to

keep in touch with workers'

grievances, are now seeking the power to block any state

euterprise seeking to lay off workers without their

approval.
That would run directly

counter to the government's declared intention to close

down loss-making euterprises

- while still guaranteeing
future employment to redun-

Trade union control over price rises, and the co-opera-tive movement, would also

undermine the gradual liberal-

isation of economic decision-

making being introduced

dant workers.

under perestrolka

loss-making enterprises.

EC leasing licence studied

About 40 per cent of RAF Germany's low-flying training on Tornado and Harrier jets is alreedy done outside West

Mr Stoltenberg says the noise problem will be reduced far more than the overall reduction in low-flying suggests, through other measures including a speed reduction from 450 knots in 420 knots, and an increase in the number of towns that are out of bounds in the low-flying of bounds in the low-flying areas from 25 to 61. Particularly noisy low-flying intercept exercises will be carried out at altitudes of at least 150 feet.

regulation.

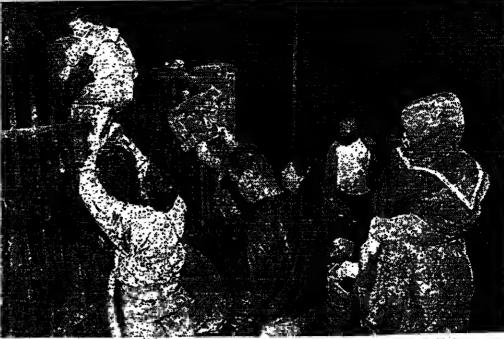
But he said it would be to the advantage of British leasing companies to obtain the most open possible access to European markets "in which you are more than a match for your continental competition".

Following representations

Following representations from the UK industry, the Commission's legal service was looking into whether the

British Finance Act of 1982 was

in breach of European Community law by restricting the tax allowances that can be claimed on assets leased from the UK to other countries, he



E German refugees reject olive branch

NEARLY 2,000 East German NEARLY 1,800 East German asylum-seekers squeezed into the grounds of the West German Embassy in Prague rejected East Berlin's offer to allow them to emigrate to West Germany within six months if they first returned home, Leslie Colitt writes from Berlin.

Only a handful of East Geronly a nameral of sant cer-mans accepted the offer made by the East Berlin lawyer, Mr Wolfgang Vogel. It amounted to a hig concession by the East German government, which earlier said applications to emigrate would be given close consideration if they returned

The East German asylum-seekers, however, appeared to be holding out in the hope that they would eventually he allowed out directly to West Germany.

allowed out directly to West Germany.

Mr Vegel, a confidant of the Rast German leader, Mr Erich Honecker, made the same offer in Warsaw yesterday to more than 500 East Germans who had sought refuge in the West German embassy. But there too only a small number of people decided to return.

The East Germans in Warsaw believed they had more

The number of East Germans scaling the fence onto the grounds of the West German Embassy in Prague rose sharply following a football match between West German and Czechoslovak German East German fams. Nearby Czechoslovak policemen looked away. By noon yesterday more than 2,000 were registered with the embassy and given shelter in tents outside.

West Germany called on the German Red Cross to help cope with the East Germans after Czechoslovak anthorities said they could not be housed outside the embassy.

to their constitution.

The constitution of this small northern republic of 2.1 million inhabitants now formally gives Slovenia the right to secode from the Federation and even join another country—
It also gives the local assembly the right to veto a state of emergency as well as the deployment of the federal. army on Slovenian territory.

Few Yugoslavs believe that
Slovenia would secede from
the Federation. But in the
words on a senior Slovene official, "if the situation in our

cial, "if the situation in our country deteriorates, we now have the pyschological option of deciding our own fate." That, however, is easier said than done. Economically, Slov-enia lags behind the west, in the quality of its goods, its infrastructure and productiv-ity levels.

ity levels.

In addition, its economy is so integrated with the Yugoslav economy - 30 per cent of the republic's goods are exported to other parts of the country - that secession would cause considerable damage to the republic's own living stan-

But apart from the economy, what is really at stake now is how the ruling communist party in Slovenia, led by the dynamic and reform-minded Mr Milan Kncan, will respond to the ever growing demands by Slovenes for a multi-party system at a time when the Fed-eral party is resisting such

Already, the political move-ments in the republic are demanding that the party opens up round table talks to discuss how next year's elec-tions should be organised and what rights the new parties

should have.

The confidence of the parties has been helped, not only by Mr Kucan's tolerant attitude, hnt also by public opinion, with the line between Slovene nationalism and political plu-ralism becoming increasingly blurred.

This was particularly obvi-ons last year when three well-known Slovene journalists and an army officer were lailed on charges of betraying military secrets: In e newspaper article, they had alleged that the Federal authorities were preparing to send in the army to crack down on the growing political dissent in

the republic. The fact that the court proceedings were held in Serbo-Croat and not in Slovene, and that the local population suspected growing Serbian influence in the army - which has so far not been proved beightened the sense of nationalism and increased the calls for greater political antonomy from the Federation.

Thus, it was this public pressure which inevitably influenced the Republic's central committee which arrived in Belgrade last Monday to con-front the Federal party leadership over the proposed amend-

ous foreign enemies, many pol-iticians may privately feel that the less efficient the military is, the better.

But politicians are scared of The federal party, led by Mr Milan Pancevski, a Montene-grin, warned that if the Slovene party pressed ahead with the amendments, the whole the wide voter opposition to conscription, fuelled by the notoriously high rate of acci-dental deaths and suicides in integrity and unity of the Federation would be undermined.

Not for one moment did
members of the federal party
think Slovenia would pull out
of the Federation. "But we
know that the precedent in knew that the precedent in strengthening the right to

> official. But during the 16-hour long debate, the Slovene party, even if it wanted to postpone some of the more controversial amendments, was in no post-

For, back in Sievenia, public opinion, boosted by the strong independent political groupings, was pushing the Slovene party up against the wall. And when the federal central committee voted 97 against and 40 for the amendagement. for the amendments, the Slo-

saw believed they had more chance of being allowed out to the West hy the new pro-West-

Ukraine Communist Andreotti falls out with the church By John Wyles in Rome

> ITALIAN prime minister Mr Giulio Andreotti may be widely known as "the wolf" and his principal lientenant in Roman politics, Mr Vittorio Sbardella, as "the shark", but both were yesterday nursing political wounds dealt by the longer, sharper teeth of the Italian Catholic

> Church.
> Indeed, there is some suspicion that Mr Andreotti may suffer lasting political damage from an attack which suggests that, at least for the time being, he is no longer the Church's favourite son among the "Andreottian", as his followers are known, control DC politics in Rome and if the party does hadly in communal elections on October 28, the prime minister stands to take considerable blame for failing to curb their excesses.

European telecoms tie-up agreed By Hugo Dixon

EIGHTEEN of Europe's public telecoms operators agreed yesterday to provide their corpo rate customers with a one-stop shopping service for private elecoms networks.

The deal will mean that

companies wishing to link far-flung European operations with private networks will be able to deal with a single operator for ordering, billing and reporting faults. It forms part of the effort by the operators to provide Europe with an effective communications system to aid the creation of the Single European Market in

At present, companies have to negotiate separately with telecoms operators in each country where they want cir-cuits. Much time is wasted making sure that circuits from one operator dovetail with those provided by other opera-

Customers also face the administrative problem of hav-ing to pay separate hills to each operator.
Although yesterday's deal will overcome these burean-

cratic problems, it will not lead to price competition among the operators. The price of international private circuits in Europe is between four and 20 times costs, according to a report this year by UK consultant Ovum. The European operators are discussing extending one-stop shopping to packet switching and video-conferencing, although these talks are not

sever its connections with the controver-sial weekly over which Mr Shardella has been exercising special influence, Il in essence, the move is a recognition that Andreottiani were going too far in exploiting the youth groups for their own purposes in the DC's eternal power strug-gies. At CL'e August "meeting", the Movi-mento Popolare, the movement's political gles. At CL's August "meeting", the Movimento Popolare, the movement's political wing, attacked the DC's former secretary and prime minister, Mr Ciriaco de Mita, connections to Italy's Fascist Party.

While always paying his respects to matters sacred, the prime minister has consistently been tolerant of the politically profane, in whose ranks Mr Sbardella enjoys a special prominence. He was the real target of this week's astonishing decision by the Catholic youth movement, to Communione and Liberazione (CL), to When Mr Andreotti attempted to dis-

and Italy's DC president, Mr Francesco

When Mr Andreotti attempted to dismiss a subsequent, unsigned, article of rebuke in the Vatican newspaper, L'Osservatore Romano, as something "written by a journalist," the Pope himself let it be known that he had given an audience to the newspaper's editor, Mr Mario Agnes.

At the same time, the Italian bishops have been so determinedly distancing themselves from the DC's electoral campaign in Rome that the party was unable to persuade any of its distinguished figures to head its list and had to plump for a professor fully tagged by the press as "Mr Nobody".

Defeat for Gardini tax concessions

By John Wyles

THE development of Enimont; Italy's joint public-private chemicals venture, is again being dogged by the issue of tax breaks for Mr Raul Gardi-ni's Ferruzzi-Montedison after a parliamentary defeat late on Wednesday evening for a decree law which would have cleared the way for the concessions demanded by Mr Gardini. The issue has already brought the Italian government into conflict with the European Commission and in

assets with those of Enichem without strict assurances that his immediate tax bill would be reduced by L825bn (£373m).

assets with those of Enichem able parliamentary waters.

Under EC pressure, the original design for Mr Gardini has been revamped into a general With Enimont about to be anoted on the Milan stock exchange next Tuesday after a

L1.200bn share offering, the government may well announce today how it will respond to the parliamentary defeat. After a negative vote, it cannot re-present the same

ofini to raise doubts about decree and may well have to whether he would pool Mootedison's basic chemicals assets with those of Enichem without strict assurances that under EC pressure, the original control of the co

policy of tax investments to encourage industrial restruct-uring. Wednesday's defeat was partly due to absentees from the government side and partly to abstentions among Christian Democrats anxious about encouraging the creation of big industrial groups.

Given Spain's recent past,

and the fact that it has no obvi-

July even prompted Mr Gar-Spanish conscription challenge

By Peter Bruce in Madrid

A REBELLIOUS colonel, already under house arrest for suggesting the Spanish army could not fight its way out of a paper bag, said it again yester-day, openly challenging the Socialist Defence Minister to toughen his punishment. The quality of the Spanish

military and the usefulness of compulsory military service have dominated the first skir-mishes ahead of Spain's Octo-ber 29 general election.

Col Amade Martinez Ingles wants an all-professional army. He wrote as much in a Spanish newspaper resterday, adding that he did not mind if he never made i to general. "The country thinks we have an operational army - we don't."

he declared.
Col Martinez has made these points before. His "crime" last week was to repeat himself just as the right and left-wing opposition parties were clim-bing onto an end-conscription

bandwagon begun by former Prime Minister, Mr Adolfo Suarez, on a populist quest for

He was arrested on the orders of the Defence Minister, Mr Narcis Serra, a sign the Socialist government had been caught off guard by the speed with which the issue was taken an and unnersed by taken np, and unnerved hy such "official" sanction for a professional army from a senior serving soldier. Mr Serra could do without

the row. He badly wants to be made foreign minister if, as is likely, the Socialists are re-One sign of Socialist panic was that they quickly pro-duced their own plan to cut

military service from 12 to nine . For Col Martinez, this would

simply mean an even worsetrained army, and a consider-able body of opinion in the army agrees with him.

the barracks. According to anti-conscription groups, some 540 soldiers have died, 800 have lost limbs and 8,000 more have been injured during compulsory service in the past five years.

An army study group, drawing on Britain's experience in the Falklands war, recommended establishment self-determination and ulti-mately to secede, would neset the balance" said one Serbian

mended establishing a professional army a few years ago.
Col Martinez says this could function with 80,000 permanent members, plus a "rotating reserve" of about 29,000 to be tion to do so. drawn from a 400,000-strong home guard.

Sweden facing high inflation and low growth

Robert Taylor on the dilemma facing the Stockholm finance minister

On one hand, inflation is far above the OECD average, and likely to stay that way next year - so he is under pressure to take deflationary measures in next January's hudget.

He had promised this year to cut income tax by 3 per cent in 1990, in ruption under the former return for union assent to a modest two-year wage deal. This week he prime Minister, Mr Andreas caused uproar by casting doubt on whether the pledge could be kept. On the other hand, expansion is a 166 to 121 majority that Mr

already sluggish and is set to slow next year. Yesterday the government announced an inquiry into the "underlying low-growth" problem. So the minister faces a real danger

a \$200m banking scandal. The of causing a slump. trial is not expected to take To makes matters worse, the balplace until after the elections. I ance of payments deficit looks set to

WEDEN'S finance minister, Mr Kjell-Olof Feldt, is caught in a vice. worsen in 1990, mainly because of cap-ital outflow. A visible trads surplus will halve the shortfall on current account, but it will still amount to 2 per cent of GDP.

The thread linking high inflation,

low growth and scant room for expansionary policy is a chronic shortage of labour and industrial plant. With industry already working at full capacity there are simply not the

resources evailable to benefit from increased economic growth. Indeed a boost would stimulate a greater flow of imports and fuel inflation. Wage pressures are not going to ease. Among Sweden's competitors, only Britain is suffering from a comparable rise in labour costs. This is of

concerned about declining competi-But there is a real danger of indus-

particular concern to Mr Feldt, who is

trial conflict this winter if the unions decide to compensate their members for the postponement of tax cuts by re-opening wage deals.

Many economists feel that neither Mr Feldt nor anybody else can rectify the problem, given the tightness of the labour market in a country when registered unemployment is around 1.5 per cent and unlikely to rise.

tax cut may only be a harbinger of things to come. A broader tax-cutting reform is due to take effect in January 1991, putting yet more money in most Swedes

Hence, the Ministry of Finance's

attempts to cool down activity over palicy will be required, possibly by the next eighteen months.

But the new short-term national by the money market and the Central compulsory savings plan that came into force on September 1 and one to last until the end of December 1990 has run into political controversy, especially from the pensioners who resent being included.

banks are providing a depressing chorus of forecasts. Handelsbanken argues: "Some adjustment in present

Bank jointly pushing up interest rates in Sweden. The need to change poli-cies makes it difficult to believe that a soft landing for the economy will be possible evn if the expected slowdown in international activity is mild."

need great skill to impose restraint on a country where few people seem inclined to see the economic danger.

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Yet another worry for Mr Feldt and For its part, SwedBank believes "the progressive slackening" of the economy this year and in 1990 will his advisers is the outlook on investthe dilemma over the January ment. This year industrial investment. has risen between 8 and 12 per cent stabilise the current account balance but the forecasters believe that it will unchanged or decline in 1990. High and inflation problems, but not provide a solution. It awaits tax reform to tax rates at home are making it more bring a necessary "structural shift", though not a "miracle". Mr Feldt has on his side a handattractive for Swedish companies to invest abroad - hence in part, the wid-But if the tax cuts take place at a stroke they could blow the top off an economy which by certain indicators some budget surplus. But his other problems are so complex that he will ening current account deficit. Against this background, Sweden's

vene party could not accept the majority vote. FINANCIAL TIMES

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· 사 하루얼크 - ra arca By Michael Littlejohns, UN Correspondent

BRITAIN would not stand in BRITAIN would not stand in the way if Colombia sought the extradition of British mercenaries alleged to have trained Colombian drug gangs. Mr John Major, the Foreign Secretary, said yesterday. If there was such involvement he regretted and deplored it, but he had yet to see the hard evidence, he told a UN press conference.

see the hard evidence, he told a
UN press conference.

Asked about reports that
troops of the Special Air
Service would go to Colombia
as part of an aid programms he
announced in the General Assembly on Wednesday for the fight against the drug cartels he said British soldiers with the greatest expertise in dealing with terrorism would be chosen. It was not clear whether that meant the SAS. He stressed that British troops would be engaged only in training the Colombians and

m training the Colombians and would be few in number. The cost of British assistance would run into "millions" and be part of a "continuing

package – not a one-off."

Mr Major axpressed admiration for Colombian President Virgilio Barco, a. leader "of the most enormous courage" who must be offered courage who must be chered.

all the international support he needed in the fight against drug trafficking. Dr. Barco is to address the UN today on the

Mr. Major was pressed on Britain's new package of proposals to reassure the. people of Hong Kong about their situation when the colony passes to China's control in 1997, but he would not go much bayond what he disclosed to the general assembly. He declined to say how many people in the colony would be covered by an offer of resettlement in Britain, noting

that the proposed package was. still under discussion. "The objective of all of us is not to delude Hong Kong," he said. "The objective in the short, medium and long-term is to sustain Hong Kong as the successful. free enterprise centre it is now. It is in our interest, it is in Hong Kong's interest and it is in China's interest." ... tha polls, with many voters

Britain will No room for the poor in the golden 1990s

Peter Norman sums up global economic outlook from the IMF/World Bank meeting

His year's annual meeting of the International Monetary Fund and World Bank ended yesterday in a new spirit of optimism. Policy makers from the industriaised countries appear increas-ingly convinced that the spread of market-oriented eco-nomic policies throughout the world and a new industrial rey-olution, linked to the use of computer technology may be creating a new era of sustained

But the belief that the 1990s may be a golden age for the developed world has thrown the problems of the heavily indebted and poorest developing countries into sharp relief. Mr Jacques Attali, the special adviser of French President François Mitterrand, summed up the mood of many when he told a private seminar on the world economy: "Wa are at the beginning of a long term period of growth worldwide."

According to Mr Jacob Frenkel, head of the IMF's research department, the average

able, the World Bank president, to remind the IMF annual meeting that "the development needs of the 1990s will be enorneeds of the 1990s will be enormous." The world, he said, "had to overcome stagnation in Africa, to move beyond debt peralysis in Latin America and elsewhere, to offer growth and hope to Asia's hundreds of millions of poor people, to assist reform and renewal in countries moving away from centrally planned economies and to reverse the degradation of developing countries natural resources."

resources."
Despite buoyant world trade, eight years of growth in the industrialised world had not trickled down to many development. between the rich and poor nations may thus become the central issue for economic policy makers in the

The catalogue of woes facing

growth potential is now Poland were typical of many around 3 per cent, about one countries. Unveiling his dramatic plan to move towards a market based economy, Mr. R. was left to Mr Barber Conmarket based economy, Mr Leszek Balcerowicz, the Polish Finance Minister, said that average living standards in Poland were below those of 10 years ago. He said the number of people living below the pov-erty line had risen sharply. The ecological crisis in parts of the country was catastrophic. Hyparinflation threatened social stability while industrial production was declining. production was declining.

Free market economic policies may have been instrumental in boosting the economic
welfare of the industrialised
countries. But they are a harsh
taskmaster. As the industrialised nations continue to grow,
it will become increasingly dif-

it will become increasingly difficult for debtor nations to catch up. In terms of gross national product, Japan's economy already dwarfs that of Africa. West Germany's is whose population is ten times

Yet this year's annual meet-

ings offered little to the poor.
The debt reduction plan of Mr
Nicholas Brady, the US Treasury Secretary, is beset with
problems of implementation. There was no willingness on the part of governments to extend the so-called Toronto terms of official debt relief to poor countries outside Africa. The US blocked a replenishment of funds for the Interna-tional Development Associa-

tions the World bank's soft loan affiliate, that provides concessional finance for the poorest developing nations.

It is debatable whether tha gulf in living standards between the industrialised and developing world can continue developing world can continue without social breakdown. Information crosses national borders as never before, boost-ing expectations and hopes and triggering emigration from the poor nations to the industrial countries. Countries with grave economic difficulties could face public order prob-lems. Mr Balcerowicz, for

ernment's economic reform programme could sap the government's popular support and create potentially explosive social conditions. One positive aspect of the

past week's discussions is that longer term issues such as demographic change are getting onto on the agenda of policy makers in the world's lead-ing industrialised countries. After many years in which policy co-ordination appeared

to focus on crisis management, this year's discussions also encompassed broader ques-tions such as the low level of savings world-wide and the consequent threat of a short-age of funds for investment. But there was also a clear understanding that policy co-

operation, while essential in an interdependent world, is no substitute for sound economic policies at home. Nowhere is this truer than in the developing world where many countries still have to attack cor-



Child poverty in Colombia: the growing gap between the rich and poor nations may become the central issue for economic

Brazilian election favourite tumbles

By Ivo Dawney in Rio de Janeiro

MR Fernando Collor de Mello. the front-runner for months in Brazil's presidential election race, is tumbling in tha opinion-polls. Two surveys yester-day show support for the for-mer governor of tiny Alagoas state down from over 40 per

cent to 35 per cent or lower. The findings indicate the volatility of voters in what will be the first free presidential elec-tion in Brazil for 29 years after two decades of military dicta-

For the first time since Mr Collor's surge into the lead in June, however, observers are not ruling out the possibility of his failing to win the first stage of the French-styla elections, which begin on November 15. But the bad news for Mr Collor has not improved the fortunes of his nearest rival, Mr Leonel Brizola, the veteran socialist and former Rio de Janeiro governor. He remains stuck at around 15 per cent in

apparently repelled by his radi-cal populism and hectoring

campaign style.
The beneficiaries of Mr Collor's decline are three very different candidates currently tied in third place at 7 per cent, according to the Datafolha poll, carried in the Folha de Sao Paulo newspaper.
These are Mr Paulo Mainf,

the rightwing ex-governor of Sac Paulo, Mr Luis Inacio Lula da Silva, leader of the socialist Workers' party (PT), and Mr Guilherme Afif Domingos, an advocate of freer trade and neo-liberal economic policies. Mr Ulysses Guimaraes, the veteran leader of the biggest party, the Brazilian Demo-cratic Movement (PMDB), is stuck near the bottom of the polls with a humiliating 3 per cent of voters' preferences.

Political commentators attributed Mr Collor's decline to

rivals' relentless attacks on his

ability in the free daily election

UK in airline complaint to US By Peter Riddell

OFFICIALS from the British Department of Transport have expressed concern to the Bush administration about possible tighter US restrictions on foreign investments in US airlines such as British Airways' proposed 15 per cent stake in United Airlines.

A British Embassy spokes-

man yesterday confirmed that Transport Department officials had been in Washington this week for talks with their oppo-site numbers which had been arranged well before the BA/UA situation arose. However, the British officials

used the opportunity to talk about the implications of the BA/UA deal. They repeated tha long-standing UK belief in free flows of investment between countries and opposition to new restrictions which might discourage such investment,

The Washington Post reported yesterday that Mrs Margaret Thatcher has personally expressed concern to US officials, but the White House has said there had been no communication of any kind.

Bush to set national goals for education

By Peter Riddell, US Editor in Washington

PRESIDENT George Bush yesterday agreed with state governors to set national goals for the US education system after a two-day summit in Charlottesville, Virginia, the home of Thomas Jefferson, one of the founding fathers and advocate of an "enlightened

example, stressed that the hardships that will be unavoid-

Aiming to fulfill his pledge to be an education president, Mr Bush called the first governors' summit for more than 50 years where a series of sessions were held aimed at clari-

fying national goals and standards needed to revive the patchy and much-criticised US education system. While most participants claimed the discussions had been a success, the forthright Mr William Bennett, the for-

mer Education Secretary and now national drugs co-ordinator, said there had been the "standard Democratic and Republican pap with an occa-sional outburst of candour. Much of the discussion took place in the absence of any

knowledge of what goes on in However, Governor Bill Clin-

ton of Arkansas, the co-chair-man of the Governors' Education Task Force, commented yesterday that national performance goals would be set that committed the US to an international standard of competitiveness in education: of performance in mathematics and science, in tha availability of training for children not going

Detailed work on measurable performance standards will now be undertaken before February's meeting of the National

Governors' Association. Several governors urged a redoction in Federal regulation to permit greater flexibility in use of funds provided by Wasb-

In general, the governors avoided the politically delicate issue of increasing Federal aid to schools, partly to avoid being accused of being big-spenders by the White House.

Pöhl is front-runner to lead EC banking body

By Peter Norman, Economics Correspondent, in Washington

MR KARL Otto Pöhl, the West German Bundesbank President, has emerged as frontrunner to head the European Community's committee of central bankers from the end of this year.

This reflects the wish of the West German anthorities to see central banks firmly in charge of monetary policy as Mr Pöhi, who heads the community's most powerful and

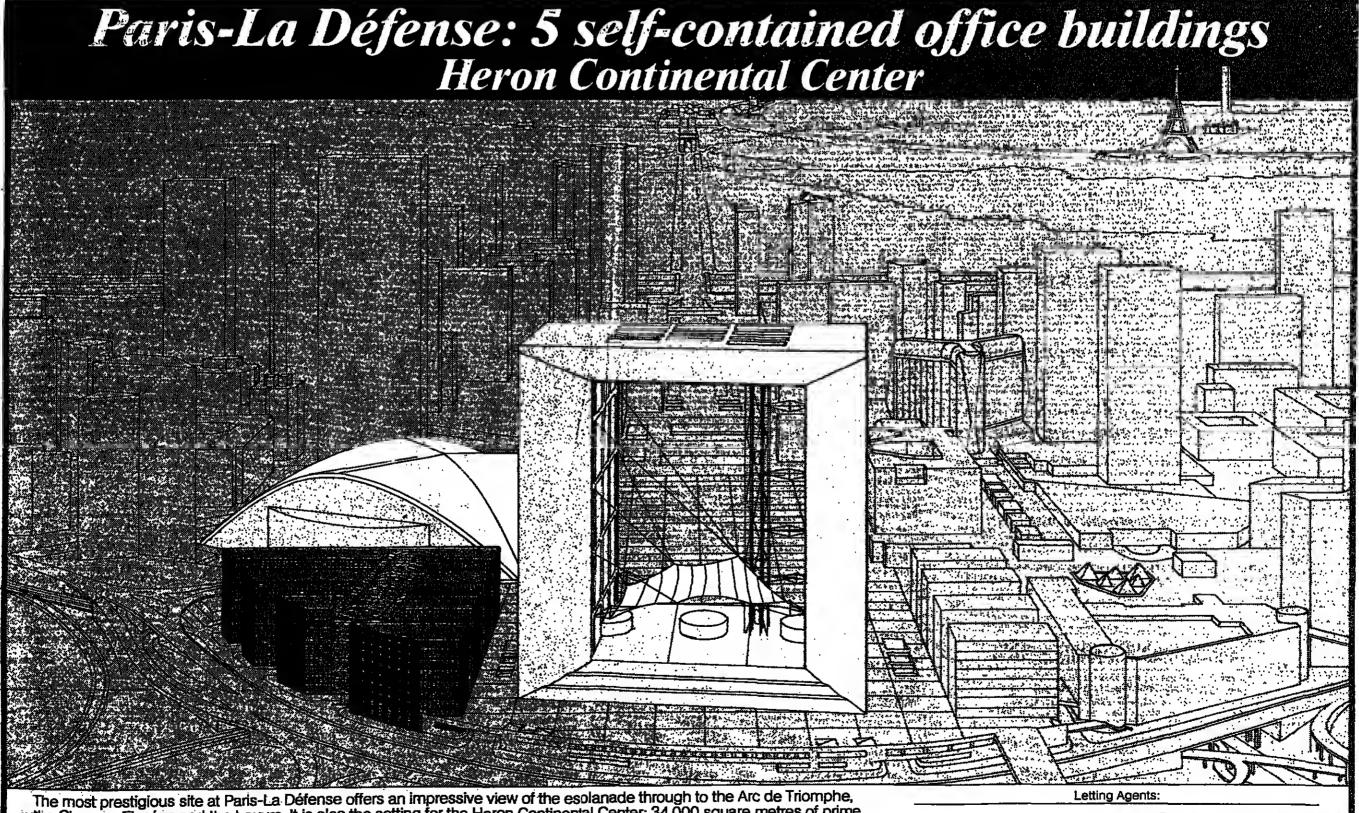
the EC moves towards economic and monetary union. The committee is destined to play a greater role in co-ordinating economic and monetary policies in Europe during stage one of the Delors plan for economic and monetary union which begins in July next year. Mr Pöhl, who heads the com-

independent central bank, is seen as the man most capable of countering the ambitions of certain European countries, led by France and the European Commission, to have the EC economics and finance ministers play a greater role in co-or-

dinating monetary policy.
An indication of the West
German Government's position

emerged at a privately organised conference here on future developments in monetary affairs.

It is expected that Mr Pohl's appointment will be confirmed in December. He would take over from Mr Demetrius Challkias, the Greek central bank governor, whose one year term expires at the end of this year,



the Champs-Elysées and the Louvre. It is also the setting for the Heron Continental Center: 34,000 square metres of prime office space in five independent buildings linked by a majestic glazed gallery. Located between the Grande Arche and the CNIT, a new International Trade and Communication complex, Heron Continental Center offers top quality office accommodation to companies seeking corporate image and comfort: elegant finishes, superor fittings, emphasis on technical excellence, privileged means of access and private underground parking. Surface areas from 3,000 square metres upwards are available.

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US presses for redress over bases in Japan

By Robert Thomson in Tokyo

THE US government, risking increased friction in relations with Japan, bas demanded compensation from 145 Japanese construction companies accused of rigging bids and overcharging for work on US
military facilities near Tokyo.
The compensation demands,
which reportedly total Y15bn

(£65m) and were made in letters sent by lawyers on behalf of the US Government, could cause cause a backlash in Japan, where US military bases are a sensitive issue.

A US embassy official con-firmed that the letters had been sent, and said that the Department of Justice is "considering filing civil actions for compensation for damages as a result of bid-rigging by those firms." The action is the first of its kind against such bidding cartels, which have been a source of trade irritation in

The US demand arises from construction work at the Yoko-suka naval base between 1984 suka naval base between 1984 and 1987, when the companies allegedly organised bids at unfairly high prices after baving established a "U.S. Military Construction Safety Technology Research group".

It is claimed that the 145 contractors fixed prices for 278 military orders valued at

military orders valued at Y19.3bn, which included over-charging of about Y5bn.

Member companies of the group were admonished last December by Japan's Fair Trade Commission, which found that they negotiated among themselves prior to bid-ding and fined 70 of them

The Construction Ministry also punished 105 companies hy suspending their right to receive orders for one to two months and condemned them for "repeatedly fixing bids despite the fact that the ministry had advised them against

Mr Yasuo Satomi, president of Taisei Corporation, which is the construction industry's largest corporate group, received one of the letters last week: "We want to check in dstail whether this action is legally valid, and what the basis is for the amount of com-

pensation."
Two types of letters were received by companies, one sent by a Japanese lawyer claiming to represent the U.S. government and demanding a total of Y5bn, and another sent by a U.S. lawyer on behalf of the Justice Department and demanding a total of Y15bn.

The claim highlights the close relationship among Japa-nese construction companies that foreign companies regard as collusion to ensure that out-siders do not win contracts.

NTT break-up proposal

By Stefan Wagstyl in Tokyo

A Japanese Government advisory body is expected to propose that Nippon Telegraph & Telephooe, Japan's telecom-munications ntility, should be broken up in order to promote

munications, are unlikely to be implemented in the near future. But they will increase the pressure on NTT, which is fiercely opposed to being dis-

mantled, to answer charges cootained in the report.

These include claims that the management structure of NTT, which has 277,000 employees, is unwieldy and top-heavy, and that it can exert undue influence on its suppliers because of its huge size.

expected to urge NTT to try to solve these problems through corporate reorganisation,

Government meeting in Malay-

sia next month should con-

tinue to seek united action to eod apartheid in South Africa,

in spite of differences between

Britain and the other members

over sanctions, Sir Shridath Ramphal, the Commonwealth

Secretary-General said yester-

on the Commonwealth, Sir

Shridath also proposed the set-ting up of Commonwealth

observer missions to monitor elections in member countries

and to ensure that they were

genuinely democratic. South Africa will again be a

major item on the agenda of

the 40th anniversary meeting of the Commonwealth, which

will also see the return of

Pakistan to the organisation, 17 years after it quit in a row

over the recognition of Bangla-

However, Sir Shridath, speaking at a luncheon of the

desh by other members.

Introducing his 1989 report

Three ways of rearganising the company are likely to be suggested. These include split-

break-up. Politics will inevitably play a

part in that decision. Some offi-cials at the Ministry of Posts And Telecommunications have resented the freedom granted to the independent NTT. They believe that the Recruit financial in which senior NTI exec-utives were implicated, has added weight to the argument that NTT is too big to manage.

Action urged against apartheid

wealth Writers' Association in

London, did not expect the

Kuala Lumpur meeting to see a repetition of the virulent arguments between Britain

and the other members over

sanctions, which dominated previous meetings of the Com-monwealth leaders. They had

agreed to disagree on this mat-

ter and would pursue their sep-

apart) would continue to use

the pressure of sanctions to persuade South Africa to end apartheid and to mobilise

wider international opinion to this end. The Committee of

Foreign Ministers on Southern

Africa, chaired by Canada, bnt which does not include Britain,

had confirmed the Common-

wealth's overwhelming view

that sanctions, as a tool of political pressure, had worked

and could be made more effec-

in the immediate future, the

The Commonwealth (Britain

THE Commonwealth Heads of Diplomatic and Common-

Ferdinand Marcos: giant reduced by his own greed

FERDINAND MARCOS, the disgraced former President of the Philippines, who died in exile in Hawaii yesterday aged 72, was his country's longest serving leader since independence. He serving leader since independence, fie was also ultimately the most disappointing, fostering economic decline and rampant corruption from which the country has yet to recover.

A dashing war bero – although his account of some of that is now in serious doubt – and a successful lawyer-turned-politician, hs achieved early normarity and wide respect. But

early popularity and wide respect. But that evaporated as he became increas-ingly autocratic, the economy deterio-rated, corruption ate away at the country's heart and underground opposition grew. He was able to survive in power for

He was able to survive in power for so long probably only because successive US administrations provided such strong and unquestioning support, regarding him as a bastion of anti-Communism in an unstable part of the world. US regional policy made the air and naval facilities in the Philippines an overriding defence prior. lippines an over-riding defence priority, forcing president after president to overlook the Marcos excesses and court his as being among the most important and reliable friends of the West. This craven attitude in Washington changed only when the people of the Philippines had demonstrated beyond doubt that even US support could no longer save the Marcos

regime.

The beginning of the end of his regime was probably the assassination at Manila airport in August 1983 of his most potent critic, Benigno Aquino, the opposition leader who was returning from exile in the US. His crisis-filled life began in Ilocos Norte on the northern tip of the Phil-



lippines archipelago. Ferdinand Mar-cos was the eldest of four children and is said to have learned fortitude and self-discipline from his politician father, and an obsession with success from his teacher mother.

His first appearance on the public stage was sensational when, at 18, he was accused of shooting a politician. He studied for his bar examinations in jail, topped the list with a record score and secured his acquittal. Later, in the 1939-45 World war his front-line daring against the Japanese earned him more than 30 medals - some of which are now disputed - and he reached the

rank of major.

He soon turned to politics and became a representative for flocos. Norte at 32. Five years later, in 1954, he married Imelda Romualdez after a whirlwind 11-day courtship.

She came from a background at times so impoverished that she spent part of her childhood living with her family in a garage, events which produced such a thirst for success, glamour and recognition that she refused our and recognition that she refused to accept defeat in a beauty competi-tion and persuaded the judge to change his mind and make her Miss

Although Mr Marcos was a member of the Liberal Party he was elected Senate President with the help of the rival Nationalistas. He switched parties to contest the presidency in 1965 and duly defeated President Macapa-

Four years later he became the first president ever to win re-election; but by then, it now transpires, he was already deeply mired in corruption, the first of many irregular secret Swiss bank accounts having been opened by him with a \$1m deposit in 1967. In 1972, ahead of another election

which he was constitutionally barred from contesting and amid growing opposition to his rule, he imposed martial law. From then on, the accre-tion of power escalated inexorably. Through skilful use of patronage and an arsenal of security powers, Mr Marcos methodically neutralised his opponents - in the military, the bureaucracy, the corporate sector, the

unions, the press, and, above all, the political parties. He built up his circle of appointees, friends and associates. Among those to benefit were Imelda's own Romu-alder family - her brother was a pro-vincial governor and ambassador to the US - Eduardo Cojuangco, the Philippines coconut king, and Roberto Senedicto, the country's sugar mag-

Above all, Mr Marcos created the impression of being a man of action, always in charge: He would order this, decree that, promise something else. Few days would pass without the president or his first lady on the front pages or the TV news. Yet he established few new political institutions and no visible successors. He became extrapoly was lithy.

and no visible successors. He became extremely wealthy.

Much of this was tolerated among the people at large. The Marcoses broke hated monopolies, did some good works and cleverly marketed their prestige projects, including the most extravagantly grandiose and monumental of Mrs Marcos's string of unnecessary public buildings.

The lifting of martial law in 1961, though it left Mr Marcos's extraordinary powers virtually intact, was well

though it left Mr Marcos's extraordinary powers virtually intact, was well received. Even after the brutal killing of Mr Aquino, which many blamed on the military, it was still possible to find some support for Marcos among Manila's alum dwellers.

He escaped personal blame for the Aquino slaying. But the evident corruption, brutal tendencies, the pessistent Communist-inspired guerrilla insurgency, and the collapsing econ-

tent Communist Inspired guerrila insurgency, and the collapsing economy combined to bring him down.

Ironically it was Mrs Corazon Aquino, widow of Benigno, a devoutly Catholic, simple, almost naive housewife of homely charm and honesty who rallied the nation behind her to beat Mr Marcos in the February 1986

elections, forced by the US as the internal security of the Philippines deteriorated alarmingly.

deteriorated alarmingly.

Her victory was so overwhalming that the fraudulent attempts to negate it by the well-oiled election-fixing machinery of his party could not prevent a popular uprising in support of Mrs Aquino. Within three days, with the military deserting him, Mr Marcos and his family had to accept a US offer of exile and flee by night in Guam and then on to Hawaii.

Even then Mr and Mrs Marcos were

Even then Mr and Mrs Marcos were mable to live in quiet exile. They courted publicity, were caught more than once plotting to return home and accused the US Government which had offered them refuge of holding them prisoners. President Ronald Reagan, who had considerable sympathy for the plight of an old friend of the US distanced himself from the pair. The Justice Department then alleged that Marcos had abused sanctuary by continuing his corrupt financial practices within the US. In October 1988 Mr and Mrs Marcos were indicted in New York on charges of embezziement, racketeering and fraud in the US. Even then Mr and Mrs Marcos were

in the US.

Mrs Marcos appeared in court in November 1988 to deny the charges and was released on \$5m bail Mr Marcos failed to appear, citing ill health, as he had done to avoid giving evidence to a Grand Jury investigating his financial affairs in Virginia the

his financial agains in Virginia the previous year.

In more months it became clear that he was grievously ill, surviving only with the help of a vast array of medical machinery. In the end, he succumbed without setting eyes again on the country which he loved so well but whose people he served so badly.

deposits.

The result is that the banks can avoid lifting their mort-gage rates, which they have recently been subsidising as the cost of funds in the money market has risen.

Home ownership is so much part of the Australian dream that the government earlier rejected another option, to end

its existing cap of 13.5 per cent

on pre-1985 mortgages.

Regulated mortgages still account for more than 30 per cent of the total home loans outstanding. This fact, together with the banks willingness to lengther home loan terms and the adjust interest.

terms and to adjust interest only once a year, helps to explain why rising mortgage

rates have not damaged the government even more. Yesterday's developments

are thought to have contrib-uted to a weakening of the cur-

rency on the Sydney foreign

exchange market. On a trade weighted basis the Australian dollar finished at 60.1 (May 1970=100), down from 60.8.

On Monday it had climbed to 61.5, its highest since April, on expectations of higher interest

rates after last week's poor bal-

ance of payments figures. Mr Keating has twice since then

Australian banks

By Chris Sherwell in Sydney

· Under the terms of yester-

available on Treasury notes now around 17.4 per cent.

The Reserve Bank's sharply increased interest payonts, said to be worth hundreds of

millions of dollars to the banks, entail a loss to govern-

ment revenues through the

Bank, and to that extent mark

Swift action unlikely on

The recommendations, which are due to be formally announced on Monday by a committee attatched to the Ministry of Posts and Telecom-

The committee report is

including devolving decisionmaking to its 10 regions.

ting NTT into two companies, one specialising in long-distance and one in local calls, or alternatively splitting into several regional compa-nies. A third option would be to reorganise it into one

long-distance company and several regional companies.

Of these, the committee is thought to favour the latter, although it is also deeply concerned about the high costs of

Opposition tries to end Japanese consumption tax

JAPANESE opposition parties submitted a package of four hills calling for abolition of the newly introduced 3 per cent consumption tax to the opposition-controlled house of councillors yesterday, Kyodo

reports from Tokyo.

A showdown hetween the ruling Liberal Democratic Party and other parties over the tax is expected during an 80-day diet session, which was convened yesterday.

The opposition aims to pass the hills through the upper house and force the Govern-ment and the LDP to dissolve the House of Representatives, political analysts said.

Hiroshi Mitsuzuka, chair-man of the LDP's policy affairs research council, criticised the proposal, saying the opposi-tion camp is irresponsible not to show a concrete plan for tax

The opening ceremony for the session, which lasts until December 16, was held in the presence of Emperor Akhlito. • Mr Shin Kanemaru, an LDP elder statesman, yesterday forecast that the general elec-tion would probably be held in

Committee placed much store on intensified financial pres-

sure on South Africa through

deht rescheduling and bank lending. "A unanimous Com-monwealth call on the interna-

tional banks not to give com-

fort to Pretoria but to exert every pressure for fundamental political change, could be of major significance," Sir Shri-dath said.

Plainly unimpressed by the performance of Mr F.W. de Klerk, the new South African

President, so far, Sir Shridath said the Commonwealth was

clear about what Mr de Klerk

pects deteriorate sharply.

"Already, on his own state-

ments, Mr de Klerk is shedding



Children in Moslem West Beirut dismantle a sandbag barricade from outside their block of flats which had protected it for six months of

 Christian legislators have agreed to attend a weekend meeting of the Lebanese Parliament in Sandi Arabia, hnt will not debate political reforms unless the Arab League guarantees a Syrian withdrawal from Lebanon, it was

reported yesterday, AP writes. The stand emerged at a meeting on Wednesday between the MPs and Gen Michel Aoun, the Christian leader. An Arah League committee of King Fahd of Saudi Arabia; King Hassar of Morocco and President Chadli Bendjedid of Algeria called for the parliamentary meeting tomorrow as part of a seven-point peace plan they. amounced two weeks ago.

Unions support Korean car workers

By Maggle Ford in Seoul

car manufacturers have pledged support to the trade union at Tong II Corporation, a major car parts supplier owned hy the Unification Church, known as the "Moonies."

Tong It's union leaders say that the company has sacked 60 union activists since 1985, and has alreed down and sold a

had to do to translate his promises into practice. "The tragedy is that, as we move away from electoral rhetoric to government action, the prosand has closed down and sold a factory employing 256 people to another church-owned comcredibility in a manner remi-niscent of woodland waterfowl pany to break the union.

Workers allege violent intimidation has been used and that

time that unions in a sector have agreed to act in support of workers from a different that shed their plumage when the mating season ends."

UNIONS at South Korea's four the company has withheld car manufacturers have wages and bonuses worth Won 3bn (£2.8m) affecting 3,200

Tong Il's management was not available for comment.

Tong Il had a virtual monopoly on supply of transmissions to the South Korean motor industry which was hit hy stoppages in the components industry earlier this year.

The dispute marks the first time that unions in a sector

company. The Tong II union also has the support of the Kor-ean branch of the metalworkers federation, which has called for international support

for the workers.

The dispute could have a serious effect on production in the motor industry as a whole. Workers in other factories are organising a signature campaign to put pressure on the Church and have urged the Government and the National Assembly to investigate the

a relaxation of policy. But they lessen the penalty of monetary policy. ruled out a further tightening Airline pilots reject arbitration efforts

By Chris Sherwell

AUSTRALIA'S pilots yesterday rejected official mediation of their six-week-old pay dispute with the domestic airlines.

dashing hopes of a quick return to normal services.

The Industrial Relations Commission (IRC) adjourned after failing to break the deadlock between the Australian Federation of Air Pilots (AFAP) and the three domestic airlines, whose position has been backed by the Labor gov-

been backed by the Labor government.

Mr Barry Maddern, IRC president, said the postponement was in order to consider further action on how to settle the dispute, which has left the country's air services and the tourism industry in chaos. He did not elaborate.

Mr Terry O'Connell, APAP executive director, said that the pilots did not need arbitration, but wanted direct talks with the airlines on the 30 per cent pay raise demand.

cent pay raise demand.
But the domestic carriers,
Australian Airlines, Ansett
and East-West Airlines also adopted a tough stance, refus-ing to negotiate with the AFAP and maintaining their right to sign individual contracts with pilots.

The AFAP decision to reject arbitration was a blow for the Industrial Relations Commission, the country's principal conciliation and arbitration body, which stepped back into the dispute earlier this week in

a bid to end the impasse.
Its failure means continued air travel difficulties for the public, further injury to the valuable tourist industry and additional disruption to business and commerce. For the Labor government, it promises further embarrassment.

Unless some other mediator

Unless some other mediator steps in, the airlines will have to press ahead with plans to rehulid their industry by recruiting new pilots.

The 1.640 pilots, represented through the Australian Federation of Airline Pilots, resigned their jobs en masse last month. their jobs en masse last month in support of a 29.5 per cent

The airlines, backed fully by the Labor Government and leaders of the trade union movement, initially insisted that the pilots commit themselves to the country's centralised pay-fixing guidslines, which are administered by the Commission and provide for a Commission and provide for 6 per cent increases.

The airlines have since

dropped recognition of the pilots federation, and urged pilots to sign up on higher-paying individual contracts while jobs were still available.

Yesterday the tactics used by the airlines and government against the pilots federation were attacked in a motion brought by laft-wing unions in the Australian Congress of Trade Unions (ACTU), the country's principal trade unions country's principal trade union body, which is holding its blennial meeting in Sydney. But Mr Bill Kelty, secretary

of the ACTU - and govern-ment ministers, including Mr Bob Hawke, the Prime Minister -continued to attack the pilots for their actions. Mr Hawke repeated that the airlines would go on rebuilding operations without the pilots

federation.

Following a three-week grounding of the domestic car-riers' flights, an estimated 50 per cent of normal demand is now being met through alternative services.

Iraqis find times can be bleak in a post-war world

Victor Mallet reports on the country's economy a year after the end of the Gulf War with Iran

IMES are hard in post-war Iraq, particularly if you are a man looking

A typical Iraqi can earn 150 dinars a month, worth \$450 at the official rate of exchange but only a teoth of that on the black market. The bride price could be as much as 5,000 dinars, and annual inflation is around 40 per cent. Some msn are old before they marry.

In spite of the ceasefire which stopped the Gulf War against Iran more than a year ago, these are difficult times for the Government as well. President Saddam Hussein's internal security services are as active as ever, but they have been unable to prevent a mys-terious wave of violence during the hot summer months.

in July several people were reported killed in a night-time battle in central Baghdad between soldiers and police. The confrontation, diplomats believe, bad its origins in an argument involving troops trying to return to their units resentful of the nouveaux

from the city's main bus sta-tion. Since then several homemade bombs have been planted in Baghdad in a campaign which seems to have been directed against foreigners.

in one of the latest incidents in September three grenades were thrown into a crowd of expatriates watching a film at the British club, badly injuring a nine-year-old Polish boy and hurting 24 other people. In the same week a bomb exploded in a Baghdad street. Both incidents coincided with an international cultural festival in Babylon, where President Saddam is being hailed as a latter day Nebuchadnezzar.

Whether the perpetrators are members of Dawa, a shadowy Shia Moslem movement, Kurdish guerrillas or some other opposition activists, they have several popular grievances to exploit. Ordinary Iraqis are bitter about their inability to travel without exit visas, angry about the 70,000 prisoners of war still held by Iran, and riches traders and exiled bour-geoisie who did well out the war and are now profiting from the Covernment's economic liberalisation measures Many Iraqis are at a loss to

nnderstand why consumer goods are so difficult to find or so expensive - when the war is over. They are not always aware of Iraq's \$65bn to \$80bn debt burden overnment ministers

Jare cooscious of the strains on the economy and public tolerance, although they refuse to contemplate a multilateral debt rescheduling agreement or recourse to the International Monetary Fund. No official financial statistics are released. There are two things I'm concerned about - debt and inflation," says Mr Hikmet Mukhalif, the Finance Minis-

ter. He sees no merit in a

devaluation of the dinar, which

would push up inflation and do

little to encourage exports, since they are mostly oil ship-

time pulling prices up, I am putting prices down." The Government believes that state-led industrialisation will eventually pay for itself, but in the meantime it is pursuing a number of other poli-cies to revitalise the economy and dampen popular discon-tent. As soldiers are demobilised following the ceasefire, it has started to squeeze out the 2m migrant workers - mostly Egyptians - who kept the country going during the war

"With over-valuation," he says,

"while other factors are all the

but also repatriated some \$1.5bn a year in foreign exchange. The amount each worker can send home has recently been sharply reduced. President Saddam and his ruling Baatb party, while willing to pay hard currency for foreign expertise in petrochemicals and heavy industry, have at the same time instituted a labour-intensive crash programme to rebuild the war-

ments already denominated in damaged southern cities of dollars and sold by the state. Basre and Faw with local Last year they decided to allow Iraqis to ise foreign currency illegally feld abroad for badly-needed imports, with no questions asket. This relaxation of Baath octalist ideology had an impediate effect.

ogy had an imhediate effect, Consumer goodsworth an estimated \$2bn have flooded into Iraq, but high pices have further alienated the poor.

Privatisation his also proved to be a two-edgel sword. Over the last two years, dozens of state farms, fool processing factories and textile companies were sold off to the wealthy and the well-competed. Retail and the well-conjected. Retail price controls of vegetables were lifted, only to be hurriedly reintrodiced when prices soared. Subsidies on other basic foods temain.

There is even tak of a Raghdad stock exchange and of the possibility of private banks. A new state commercial bank, the Rashid Bank, has already been established to compete

with Rafidain. "We are heading for the open market defi-nitely," says Mr Mukhalif, "We. are moving towards privatisation as much as the private sector capacity can absorb.

For the moment, however, the privatisation drive appears to have run out of steam. Private businessmen lack the management skills of are not prepared to take the risks - to invest in the big hotels,

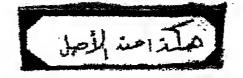
the national airline or large

industries. Arab investors from other countries, invited by Iraq

to put their money into the

post-war economy, have been less than enthusiastic. Political reform is also on the Iraqi agenda, and the National Assembly is considering the merits of allowing political parties, press freedom, and presidential elections. Opponents of President Saddam dismiss this as windowdressing to please the international community, and nobody believes that he will relax his fearsome grip on political

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WORLD TRADE NEWS

US urged to liberalise rules for East bloc trade

By Nancy Dunne In Washington and David Goodhart in Bonn

THE US is coming under renewed pressure from West-ern Europe and Japan to liberalise the 15-year-old rules of the Co-ordinating Committee for Multilateral Export Controls (CoCom) on the export of machine tools to the Eastern oloc. Talks are taking plece this week and next within the Paris-based CoCom on the products, crucial in edvanced weapons manufacture.

Despite the pressure for lib-eralisation, led by West Ger-many, a year of talks within the Reagan and then Bush administrations has failed to produce a position the various US agencies can unite on.

As is usual the Pentagon is taking the hardest line, con-tending the Soviets are incapahle of producing – and should not get – tools with a silde position accuracy of plus or minus 10 microns. The Commerce Department is reportedly prepared to hack the export of more sophisticated machines, up to plus or minus 5 microns. Most European countries want to go down to the "green line" established for

hinese exports of 2 microns. The US machine tool industry, which supplies only 1 per cent of Eastern bloc imports, is hoping for more business, hut mainly through more effective harmonisation of the way the CoCom rules are applied in dif-

fereot countries.

Mr Jim Mack, a spokesman
for the National Machine Tool Builders Association, said the unclear language of the pres-

ent rules has worked against the US industry. When there is doubt about a sale the US Government goes to CoCom for e ruling, while other CoCom members just permit the sale. Poor enforcement by CoCom partners has added to the US's competitive disadvantage.

West Germany on the other hand, which dominates the market in Eastern bloc tool imports, claims that the relatively strict rules on machine tools - many of them dating

The US contends that poor enforcement by its trade partners is giving it a real competitive disadvantage in sales

back to 1970 - is a classic case of the US abusing the CoComrules for industrial policy rea-

West German officials argue that the rules have remained strict because the US industry is unable to compete in the machine tool sector, while they have been significantly relaxed in computers where the US is more competitive.

more competitive.

The West Germans also argue that the Pentagon is refusing to accept the solid evidence that the East Bloc can already make 2 micron machine tools, of adequate quality and quantity, itself. Technical experts say that the East Germans were displaying such machines at the Machine Tool Fair in Hanover, West Germany, earlier this month.

Another Pentagon argument which the Germans, and others, take issue with is that on foreign availability. Normally if an Eastern bloc country can easily acquire a certain category of equipment from a non-CoCom country that category is then dropped from the CoCom list.

However, on machine tools the Pentagon is saying that as long as talks with non-CoCom countries - snch as India, eden, Taiwan and Switzer land — are continuing, with a view to seeking voluntary export restraint in this sensi-tive field, then the organisa-tion should not give up the

Yet another leg of the argument between the US and most other CoCom members concerns the power of the computers used in the machine tools. The US wants a 16 byte ceiling but the Europeans and Japa-nese want a different measur-ing system which would allow some 32-byte computers, still banned by CoCom. The West German machine

tool industry is becoming increasingly impatient with what it considers to be the many out-dated restrictions on potential sales. At the beginning of the decade the industry made an important step for ward in integrating computers and lasers into machine tools which has given it a commanding market share in the arms industries of many countries, including the US.

EC attacked over 'dumping'

By William Dullforce in Geneva

THE US and Hong Kong stepped up their attack on the European Community's anti-dumping policy yesterday. They put forward separately in the Uruguay Round talks pro-posals for controlling the application of rules of origin for imported goods or their compo-

Mrs Carla Hills, the US Trade Representative, fore-shadowed the US initiative earlier this month during her sixday European tour.

Then she was heard to com-plain about the "ambiguity" of the rules that the EC was using to determine the local cootent of electronic office equipment.

In a similar move prompted by the problems its car, semi-cooductor and other electronic manufacturers have faced in exporting to the Community, Japan last June asked the General Agreement on Tariffs and Trade to establish guidelines for determining rules of origin. The US yesterday submitted a The US yesterday submitted a rules should be easily under-three-part proposal for har-

New Issues

group negotiating on non-tariff

barriers to trade. Initially Gatt should seek the technical help of the Brussels based Customs Co-operation Council to determine when transformation of a product is enough to confer "origin" and to identify those products which are subject to rules of origin that differ from the primary rules used by individual countries.

The resulting report, which should be completed within one year, would be the basis for negotiating a new agree-

It would establish time limits for changing the rules, allow for consultation and provide for periodic review and

dispute settlement.
Four principles would apply
to all origin systems; rules
should state what confers origin rather than what does not confer origin - origin should be determined consistently within each national system monising the rules to the dictable in application - any Koreans.

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determination of origin should be reviewable by an indepen-dent administrative of judicial authority in the relevant coun-

Arguing that any attempt to harmonise rules or origin would not yield results within the time of the Uruguay Round, Hong Kong submitted detailed proposals for strengthening Gatt controls.

A Committee on Rules of

Origin would be established to supervise the administration of the rules and investigate dis-putes, which could in final resort be subjected to Gatt's strengthened dispute settle-

ment mechanism.

Mrs Carla Hills, the US
Trade Representative, says she
is preparing to draw mp a retaliation list against South Korea. for its restrictions on beef imports, Nancy Dunne reports

from Washington.

The dispute has been referred to a Gett panel.
According to Mrs Hills, a report favourable to the US is being blocked by the South being blocked by the South

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Intel plans I£200m plant in Ireland

By Kieran Cooke and Terry Dodsworth

INTEL OF California, the world's leading manufacturer of advances computer chips, is expected to announce expansion plans in Europe next week with a largescale investment in the Republic of

The US company is understood to be on the point of announcing an IE200m (\$281.7m) plant in the Dubin area. Eventually the factory will employ more than 2,000 people, making the American group one of the main industrial employers in the country.

Intel's decision follows months of agon-

ising over its European development pol-icy in the wake of new regulations which give significant cost advantages to local European producers.

These new regulation define locally-made semiconduiors as those which have

already gone through the most expensive process of water fabrication in Western Europe. The manufacturers of finished electronic products, such as televisions or office equipment, are more likely to buy these semiconductors than imports.

The reasoning behind this is that their finished goods can then qualify more easily as European-made.

This helps to avoid the stiff anti-dump-

Other semiconductor companies, such as Fukitsn of Japan, have already responded to the regulations by announ ing sizeable investments in the European

Texas Instruments, the US chip group which has been present in Europe much longer than most overseas semiconductor companies, has also decided to expand

with a large new plant in Italy. Up to now, however, intel has stood out against the trend, saying that it preferred to keep production close to its design and development activities in the US.

This partly reflects the group's tradition of tight operational control and flexibility, methods that have given it a long record of innovation in both memory chips and microprocessors.

chips and microprocessors.

The Intel project will be one of the largest industrial start-ups by a foreign

company in Ireland.

There has been intense lobbying for it and the project has been won for Ireland against extremely strong competition from several other regions of Western

Europe, including Scotland.

Intel had a turnover of \$2.87bm last year and profits of more than \$450m.

Loss of subsidies has been no obstacle to Third World sales

Sails set for Danish windmill exports

By Xueling Lin
FAVORABLE winds are
carrying Danish windmill
exports steadily upwards. New
orders from Spain, India and
Egypt have provided the
flagging industry with e much-needed boost after the Denish Energy Ministry abruptly cut off all state subsidies from August this

"We are almost glad the subsidies are gone," explained Mr Per Krogsgaard, consultant with the Association of Danish Windmill Producers. "It has taken away the pressure of having to prove that it is

feasible to use wind power."
The Danish industry holds e leading position in windmill technology. Some 40 per cent of windmills used to produce electricity in the world were built by the Danes. But the sector has leaned heavily on crate support state support.

At its height in 1981, the Danish state gave a direct 30 per cent subsidy on the sale price of every windmill. Over the past five years, however, the hand-onts have become progressively smaller and now have dried up altogether under the present Government which is unsympathetic to state

Total exports for 1988 for the entire industry hovered around DKr150m (\$20.3m) but a spate of new orders this year from non-traditional countries is expected to boost export

figures considerably.

"Demand from traditional windmill fields such as in California is tapering off and the new market appears to be developing in Eastern bloc countries which want cleaner sources of energy," said Mr Krogsgaard. The Nordtank Energy Group,

A Danish wind turbine in use in California where demand is tapering off as new markets open. Danish export efforts hit a high point in August this year when the Soviet Energy Ministry entered into a co-operation agreement with a Danish engineering consultancy. Cowiconsult. The agreement is aimed at replacing Soviet nuclear power stations with Danish windmills. Two pilot projects in Estonia and Ukraine are on the drawing board. The industry argues, fairly convincingly, that wind power is no longer an uneconomical Green fantasy but one of the cheapest sources of energy available. Hope is being pinned on a DKr750m fund for export financing which is being considered by the Danish Government to arm the producers for the battle of the windmills.

firms, Nordtank and Danish Windpower, recently received its first order from the Indian government for a pilot project of five 300 kW windmills for

the state of Guierat.

The project is being carried out with Hindustan Brown Boveri and is expected to bring in another DKr150m in 1990 alone. With support from the United Nations, the Egyptian governmenth has also started a windmill project by the Red Sea using Danish windmill technology.
The two Danish companies

Wincon Wind Energy and Mat-Airfoil, sold the design of convincingly, that wind po which consists of two Danish the windmills for DKr/m. The is no longer an uneconomical Government

1970 1987

100 windmills, which resemble gient electric fans, are expected to start producing

energy next year.
Danish export efforts hit a high point in August this year when the Soviet Energy Ministry entered into a cooperation agreement with a Danish engineering Danish engineering consultancy, Cowiconsult.

The agreement is aimed at replacing Soviet nuclear power stations with Denish windmills. Two pilot projects in Estonia and Ukraine are on

the drawing board. The industry argues, fairly green fantasy but one of the cheapest sources of energy "According to onr calculations one kWt produced on a 200kW windmill costs DKr0.32. The price for electricity from a coal power training and DKr0.32. station costs DKr0.35," argued Mr Johannes Poulsen, administrative director of Vestas Wind System, one of the largest local windmill

producers.
The Association sees the apanese as their chief rival in this burgeoning market. Japanese wind technology is considered on a par with the Danes' but they have the advantage of financial

strength.
"A company like Mitsubishi
has a turnover which is larger
than Denmark's GNP so if a company like that gives a Germany subsidiary, based at 10-year guarantee on a Marburg near Frankfurt, and windmill there are backers to be delivered between now ready to put up the money, and 1992. DFG makes im tele-Where does that leave us? Mr phone sets annually and is Poulsen said.

Hope is being pinned on a dready a tradition to the Bundespost.

DKr750m fund- for export The German telec

Egypt and Turkey in power pact

By Tony Walker in Calro

EGYPT and Jordan have agreed to proceed with a \$170m project to connect their power grids so that they can share surplus electricity. The scheme is part of an ambitious programme to link Egypt'a power aystem with neighbonring Arab and African states. Mr Said Issa, chairman of

Egypt's Electricity Authority. said that final steps were being taken to select a consultant to implement the project which will be financed by the Arab Fund for Economic and Social

Fund for Economic and Social Development.

Mr Issa said it was hoped that tenders would be called and evaluated within six months. The project, which involves laying a cable under the Gulf of Agaba, is expected to be completed by 1992.

The responsible Jordanian and Egyptian ministers approved the project this month as part of a general attempt by the two countries to strengthen technical and commercial links. Both are members of the newly-formed four-nation Arab Co-operation Council (ACC).

Franco-Italian steel venture in Turkey

THE Italian and French state steel companies, five and Usi-nor-Sacilor, are joining forces with Turkey's Borusan and Erdemir to build a \$90m rolling mill 100km from Istanbul, writes John Wyles in Rome.

According to the agreement signed in Istanbul yesterday, the plant will be built at Gemlik and will have a capacity of 300,900 tonnes of flat rolled products e year. The output will serve, among others, the auto and white goods industries.

Iliva and Sollac, a subsidiary of the French company, will share e 49 per cent stake in the company.

Matra wins contract for Bundespost

Matra, the French defence and electronics group, is to supply more than DM100m (£32,5m) worth of telephone sets to the Bundespost, the largest such contract ever awarded to an independent telecommunications equipment producer, writes William Dawkins in

The sets will be made by DFG, Matra's fully-owned West Germany subsidiary, based at already a traditional supplier The German telecommunica-

financing which is being tions authority's monopoly considered by the Danish over handset sale rights goes

Project to unravel the numbers for trade in services

LEADING EXPORTERS & IMPORTERS of SERVICES (\$6n & %)

1970

A SERVICE is something you can buy and sell but not drop on your foot. This curiously unscientific definition is one that crops up frequently when economists gather to discuss the current international move to liberalise trade in services. Its use

underlines a serious statistical lacuna for a sector which now accounts for 20 per cent of all Now in e new report on trade in services* the General Agreement on Tariffs and

Trade has sought to fill in some of the statistical gaps. Its first ever attempt to collate figures on a worldwide basis shows exports of services totalled \$560hn last year, equivalent to those of food and fuels combined and a figure which should henceforth strongly underpin the Uruguay Round liberalisation

Yet the exercise has also Yet the exercise has also shown how seriously deficient available figures are, raising questions about how easy it will be to quantify the results of the Uruguay Round talks.

"Fundamental improvement in the statistics appears to be at least a decade away," says Mr Richard Blackhurst, Gatt's Chlef Economist, whose department compiled the latest report.

est report.
Services trade statistics have been under scrutiny by experts from organisations such as the Gatt, the Interna-tional Monetary Fund and Organisation for Economic Co-operation and Development for some time.

This group, known as the Voorburg Group after the Dutch town where it meets, has nearly reached agreement on category definitions for various types of service trade, but this will then have to be ratified by national governments who will also have to start collecting new figures. Only much later will any precise extrapolation of trends and volumes become possible. For the time being the Gatt has had to rely mainly on fig-ures submitted by national governments under IMF balance of payments reporting guidelines. These go back to

the time when the idea of tele-communications or even bank-ing being an important traded service was scarcily heard of. They divide services income into five categories shipping, port and passenger services which deal hasically with transport travel which refers transport, travel which refers to services such es hotel accommodation lought by travellers at their destination and "other private services" which include the temporary

W.Germany

Present system goes back to the time when the very idea of banking as important traded service was scarcely heard of

workers, income from royalties and other incliectual
property and residual services.

It is into this category that
fail almost all the rapidly
growing international services

— insurance, banking, telecommunication, construction,
software and data piocessing

— that have become to much
the focus of policy discussion.
The Gett figures show that
these are precisely theservices
which have been growing fastest in recent times.

Between 1970 and 1987 the
value of trade in "other private services" grew by an
everage of 15 per centa year,
ontstripping not only tade in
other services, but alsoftat in
manufactured goods is well.
By 1987 "other private services" trade accounted for
\$201bn out of total world services trade of \$505bn.

The growing impositues of

vices trade of \$505bn.

provide a strong argument for pushing towards agreement to liberalise trade in services as part of the Uruguay Round of part of the Uruguay Round of multilateral trade negotia-tions. Says Ms Joan Spero, recently appointed Treasurer of American Express and an expert on trade policy: "What we've seen for the first time in a credible way in a study done for a major international organisation is that services organisation is that services are really important."

Gutt admits candidly, however, that its figures can give only e rough estimate of

orders of magnitude. Its attempt to break down the "other private service" earn-ings of leading service export-ers into nine basic categories succeeded only with West Germany and Belgium/Luxem-

> Elsewhere national reporting idiosyncracies made full international comparison impossible. For example, the US records trade union-related transactions which are thought to refer to flows of United Auto-Workers union payments between the US and Canada, but it has no figures for trade in hanking services. Greece has the second-largest merchant fleet in the world, but reports no figures on its

earnings.

It used to be thought that this dearth of statistics would make the task of Uruguay Round negotiators much harder, because governments would be unable to put a value on the benefits they were con-ceding or gaining. For the present the negotiators have simply decided to ignore this The growing importace of problem, and some economists this service trade may it itself such as Mr David Lomax,

Chief Economist of National Westminster Bank and a mem-ber of LOTIS, the UK private sector services lobby group, believe the numbers are irrele-

W.Germany

1987

Negotiating freedom of trade in services is a not like cutting tariffs which can be measured in dollars and cents, but a question of concepts and regu-lations, he says. Banking has been liberalised unilaterally by many countries over the

It could be hard for the industrial world to persuade developing countries they have much to gain from a liberalisation

past decade and that is a pro-cess which should continue. "There is a serious risk that in some parts of the services trade you would cmi up being less liberal if you added up the numbers and started negotiating on a numbers basis."

So what then is the point of Gatt's laborious effort in compiling its report? One is quite simply to satisfy the need for more knowledge in an area of growing importance.

Over time statistical coverage will improve and this

age will improve and this marks an serious start. The figures already show how services have grown in economic importance so that policy-makers need to know more about

National regulators of industries such as banking and telecommunications are not used price SFr50, available from the to thinking in trade policy Gatt secretariat, 154, rue de terms. Yet, if Gatt's orders of Lausanne, 1211 Geneva, Switzerland magnitude are anywhere near. zerland.

the report is that the recorded figures significantly under-state the true value of trade in services - then these of state in officials have much less excuse for ignoring the trade implica-tions of their decisions.

Where the report is somewhat mixed is in the message it spells out for developing countries who have been among the most reluctant players in the Uruguay Round

negotiations.
Only one such country, South Korea, ranks among the top 15 exporters of services. India and Brazil do not even figure in the top 25.
This could make it harder for the industrial world to persuade developing nations that they have much to gain from liberalising their services trade. Yet the report also includes a long list of developing countries whose services have grown, sometimes dramatically, as e proportion of their total trade since 1970. In India's case the share has risen from 13 to 23 per cent. Suez Canal earnings have pushed Egypt'e figure to 53 per cent.

Angré from these few cores per cent.

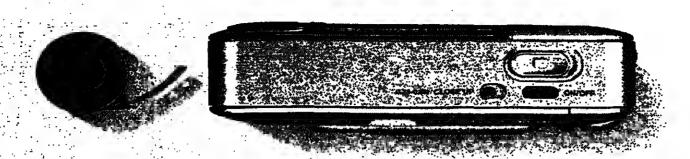
Apart from these few cases, Gett economists admit that it is difficult to tell from their new statistics exactly where precise competitive advantage resides in services trade. It offers no explanation, for example, as to what example, as to why France boasts a growing share of services in its total exports while that of the UK has declined.

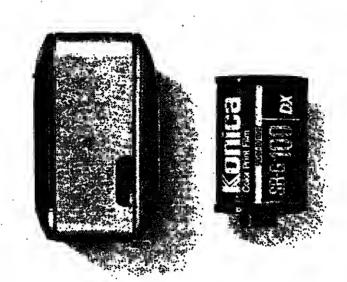
Yet a central message is crystal clear. Many services, such as banking, insurance, communications and transmost reach into the heavy of port, reach into the heart of the economy and provide essential inputs into the manu-

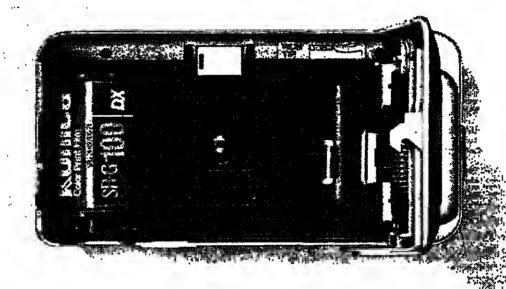
factoring process.

Countries which want to compete in world markets compete in world markets need to acquire these services as cheaply and efficiently as possible. In other words it is now worth liberalising service imports even if all you want to

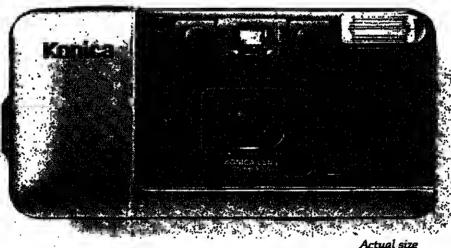
This announcement appears as a matter of record only.







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Restrictions on television

A FUBLISHING war could be unleashed by the Government's plan to compel the BBC and the ITV companies to Big publishers are poised to

listings to be removed

Nationwide Anglia to cut 150 branches in shake-up

NATIONWIDE ANGLIA, the second largest UK building society with assets of £24bn, is to close more than 150 of its 883 branches and shed 400 jobs.

The move, the first of its kind hy a huilding society (home loan institution), is part of an ambitious rationalisation plan involving a total invest-ment of £500m which the society says will equip it to meet the challenge of the 1990s.

It follows cuts made earlier this year of the society's estate agency operations which made

The society emphasised yes-terday that the cuts have not been not forced on it by the downturn in the housing finance market which has slumped by around 20 per cent as a result of the Government's high interest rate policies.

"Our mortgage business, like that of other huilding societies, is holding np very well. Our profits last year were £239m and we hope they will hold up this year too." Mr Tim Melville-Ross the chief executive and the world be deing this said "Wa would be doing this operation now even if the housing market was roaring

"These plans are the result of a detailed strategic review by Nationwide Anglia's board." Mr Melville-Ross said "Financial services retailing is already one of the most competitive markets and will become increasingly so over the next few years. We are determined to maintain our

reputation for innovation."

Almost all the redundancies will be at junior and middle management level, though a few top management posts will also be affected. Relatively few cuts of counter staff are

Nationwide Anglia staff have been warned that if the volun-tary redundancy scheme is not taken up in sufficient numbers, there will have to be some

compulsory redundancies.

Mr Daniel Hodson, Nationwide Anglia's newly appointed deputy chief executive and finance director is believed to have pressed for the rationalis-ation of society, which was created in a merger between the old Nationwide and Anglia building societies exactly two years ago this month, to be as forceful and ambitious as pos-

The 1987 merger created a new giant among building societies with ambitions to be one of the leaders of the UK retail banking industry. Nationwide Anglia led the way in introducing interest-bearing current accounts, eventually forcing all

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vative estimates would at least treble that

- even at the quietest time of day. As

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building societies to follow. But its managerial and capi-tal base was slender compared to the goals it set itself, while the merger left a legacy of chronic problems.

In many towns the society's operations are unnecessarily duplicated with hranches of the former Nationwide and Anglia building societies stand-Mr Melville-Ross said yester-

day that the 150 branches being shut down are scattered across the country, though many are in the south of England. To develop its remaining hranches, Nation-wide Anglia is planning a new 2350m investment programme over the next five years in addition to £150m which it has already spent improving administration and technology.

Over £100m will be spent on two computer centres and administration at Northampton and Swindon, while £250m is to be spent converting Nationwide Anglia's branches to an open plan format and increasing the range of customer services it offers.

Nationwide Angila has been frequently criticised in the past for its high managemant expenses and low profitability.

Power contracts seen to win cabinet vote

He is expected to tell industry leaders in London today that a committee of the Cabinet, including the Prime Minister and Mr Nicholas Ridley, the Trade and Industry Secretary, did not reject the system of power contracts worked out on Monday despite complaints by potential newcomers to the industry that it will inhibit genuine competition.

There was some sympathy

make their programme sched-ules available to a range of publishers, writes Raymond

The decision, announced yes

terday will create for the first time in the UK the opportunity to publish listings magazines carrying comprehensive pro-gramme schedules covering all

In other European countries there is already considerable

competition between listings

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TRIP TO PARIS, BRUSSELS OR AMSTERDAM.

MR JOHN WAKEHAM, Energy
Secretary, is believed to have won the Cabinat's approval yesterday for the way the electricity industry will function after privatisation.

Ye in this view, but the Cabinet appears to have realised that another prolonged debate would imperil the prospects of completing the electricity privatisation in the present term completing the electricity pri-vatisation in the present term

> Even so, there is likely to be a delay of three or four months in selling the 12 area distribution boards in England and Wales, which is not now expected to be completed until next autumn. There could also be a similar delay in the vesting day of the new private compa-nies, due to have fallen on Jan-

enter the British market as soon as it is legal. To date only Radio Times, owned by the BBC, can list all BBC programmes. TV Times, until recently owned by the ITV companies but now owned by

Reed International, has a

monopoly over listing commercial TV programmes.

Broadcasters, will in future have to give all legitimate pub-lishers full information on

that the two Scottish electricity boards will be privatised first. Mr Malcolm Rificind, the Scottish Secretary, had earlier said he did not want the Scot-tish power boards to be privatised before the English and Weish boards, but he has now indicated that he has dropped

his objections. The South of Scotland Electricity Board and the North of Scotland Hydro-Electric Board are simpler to privatise than the English area boards and power generators because they are vertically integrated. They both produce and distribute electricity and do not have the

INSURANCE companies and pension funds invested more in the shares of overseas compa-nies than domestic companies

in the second quarter of this year, official figures showed yesterday, writes Patrick

From April to June this year a net £2.25bm was invested in overseas companies, compared with just £262m during the

same months in 1968, said the Central Statistical Office.

Investment in UK company

stocks was £1.9bn, down from the £2.7bn invested during the

same quarter of 1988.

Harverson

serious problems about contractual relationships which bedevil the privatisation pro-cess south of the border. These problems may make it

almost impossible for the Gov-ernment to maintain its schedule of selling the English area boards in the spring of 1990, followed later hy the two power generating companies, Powergen and National Power. If the area boards could not be privatised before the autumn of 1990, there might be little time to sell the Scottish boards before a general election, which might take place as early as autumn 1991.

EC charter By Charles Leadbeater, Labour Editor

approve

THE Government yesterday signalled that it was unlikely to approve the revised social charter of workers' rights, published by the European Commission on Wednesday, when it is presented to EC leaders in

Government

unlikely to

Mr Norman Fowler, the Employment Secretary, in a speech to the Association of speech to the Association of American Correspondents in London, said the charter would cast a shadow over the 1982 single European market programme by threatening to undermine the competitiveness of European industries.

He said: "The fear is that the social charter would add to

He said: "The fear is that the social charter would add to industry's costs, impose unnecessary regulation and ultimately destroy jobs."

The revised draft, produced after three months' consultation with employers and unions, is intended to provide a floor of workers rights covering pay, hours, health and safety and employee involvement in decision making.

The other 11 EC govern-

The other 11 EC govern-ments anyport the charter. Only Britain voted against it at a meeting of the Commis-

On several issues member states, unions and employers would be left to decide how best to meet the charter's provisions. While every worker would be entitled to decent pay, the definition of the decency threshold would be left to member states. However, some of the char-

ter's provisions conflict with UK government policy. It would forbid the employment of people under 18 for work at right. The UK recently repealed this restriction.

Mr Fowler said it was extraordinary that the revised

charter did not take account of three points agreed by all gov-ernments at the EC's Madrid meeting this summer. These • The charter should make clear that job creation must be

the top priority for the EC.

Action should be taken at

Community level only if it would aid initiatives taken at a

UK Government was keen to encourage employee involve-

ment through profit sharing and employee share ownership.

rather than through arrange-

many and the Netherlands to give workers representation on

Average gross weekly earnings for all adult employees

rose by 9.6 per cent in the year to April, according to the first part of the 1989 New Earnings

Survey published by the Department of Employment

company boards.

national level by member The charter's proposals should take account of the diversity of national policies Road contract won Balfour Beatty and Fairclough have won the £17im contract to build what has heen described as Europe's costliest and practices, rather than impose uniform procedures, particularly on employee road, a 1,300-metre tunnel which will complete a link from the City to Docklands. involvement. Mr Fowler stressed that the

Lotus launch

engineering group which is to raise car output from 1,220 last year to 5,000 a year by 1992 after introduction of a new model, the Elan, to go on sale in the UK early next year.

Sir Alistair Frame, 60, is to give up the executive chairmanship of the RTZ Corpora-tion, the world's largest mining and metals group, and become non-executive chairman from January 1. He was appointed chief executive in 1978, and executive chairman in 1985.

Sir Terence Conran, chairman of retailers Storehouse. criticised in Enterprise, a left-of-centre magazine, the government's economic policies, in particular for keeping high interest rates, backtracking on its commitment to Europe and manipulating the economy to

Rent rise warning

Labour's housing spokesman Mr Clive Soley warned of rises of up to 173 per cent in council house rents under government policies designed to make their rents reflect property values.

The Government's policy of buying back government bonds meant that there was a net dis-investment in UK public sector securities of £2.4bn during the second quarter. Insurance compames and pension funds have now sold more than £8bn worth of public sector securi-ties in the last four quarters as the budget surplus allows the Government to redeem gilts.

Insurers and pension funds also sold more land and property in the UK than they bought between April and June, with the CSO recording a net disinvestment of £225m.

in Brief

City funds invested 'more

in foreign than UK stock'

Water stock to be sold overseas

The Government looks to be prepared go ahead with the sale of water company shares

in Japan, continental Europe, Canada and the US.

A final decision will not be taken until nearer the offer in late November, but the Government has given a strong hint about its intentions by announcing the appointment of lead managers for the overseas offers of the 10 water and sewage business

Daiwa will be lead manage in Japan, Credit Suisse First Boston in Europe and Wood Gundy in Canada.

Lotus, the sports car and

RTZ chief leaves

Conran attack

yesterday.
The 1989 rise, which compares with a 9.7 per cent rise in the 12 months to April 1988, confirms continuing strong upward pressure on earnings. Women's earnings rose more strongly than men's. For adult males in all occupations, gross weekly earnings rose by 9.5 per cent to £269.50, while the corresponding figure for adult women full timers was 10.8 per cent to £182.30 a week.

For adult males in manual occupations average weekly earnings were £217.80, including £57.90 in overtime pay, incentive pay and shift

About 16 per cent of male manual workers earnings were accounted for by overtime, compared with 3.4 per cent for male non-manuals and 6 per cent for women manual work-

The News Earnings Survey 1989, Part A. HMSO. £9.75.

Japan takes a stake in Scotch whisky

By Christopher Parkes, Consumer Industries Editor TWO FAMILY businesses

one of Japan's biggest and a more modest Glaswegian ven-ture – have forged an unusual alliance in the Scotch whisky industry.

Suntory of Japan has taken a 35 per cent stake in Morrison Distillers, a specialist distiller of single malt whisky best known for the Bowmore brand, distilled on Islay in the

It is believed to be the first time that Suntory has acquired a shareholding in a British

company.

The first signs that its traditional conservatism may be crumbling appeared last year when it sealed a distribution alliance with Allied-Lyons by surrendering a 1 per cent slice

of its private equity to its UK

yesterday when Mr Brian Morrison, the son of one of the Scottish company's founders, announced a management buy-out of his family concern in which relatives and Mr James Howat, the co-founder, had previously held shares. Financial details of the deal which leaves Mr Morrison and Suntory as the only sharehold-

ers, were not disclosed.

Morrison, which last year made £3m profits after tax on sales of £23.5m, has three distilleries — Bowmore on Islay, Auchtenetoshan at Dalmuir. Auchtenstoshan at Dalmuir, near Glasgow and Glengarioch in Aberdeenshire.

Mr Morrison said he had invited Suntory, with which Morrison had traded for more than 20 years, to take a share so the company could retain its independence, its identity and

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way to find out about the new, relaxed

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2. ALLOW YOU TO DISCOVER THE UNIQUE ADVANTAGES OF FLYING THE LONDON CITY WAY. City Centre at 10 past the hour and be If you are wondering why a young 6 daily flights to airline is offering a £25 inducement for airborne on the hour? 45 minutes from down town to up, up and away. every round trip to Paris, Brussels or Regardless of the traffic. Amsterdam, please wonder no longer. We know exactly what we're doing! daily flights to Where else in London can you park For every 10 passengers who try 2 minutes from check-in, never flying the London City way, we calculate have to fight to find a place, and never 8 become seasoned regulars. And a pay more than £5.50 a day? further 6 of those enthusiastically tell their friends. So the chances are good Where else in the world do your that if you try us, you'll become a bags meet you as you pass immigraconvert, too. It's as simple as that!... tion, and the average time from plane to What's so special about the taxi - including baggage pick up - is an unbelievable 6 minutes? London City Experience anyway? Well, please just consider these few facts for What other airline flies brand new aircraft with maximum capacity of 44 seats a flight, with all that means in Where else in Britain can you check in a scant ten minutes before terms of time to say hello, and ensure you enjoy our personal service to the full? a European Flight?



BUSINESS AIRLINE



Consider for a moment why diplomats and company directors the world over choose to travel S-class. Perhaps its because the Mercedes-Benz flagship the demeanour of those who have nothing to prove.

The Berger (Section 2) and a second of the control THE FINEST CAR IN WHICH TO BE DRIVEN

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Here is one of the very few cars in the world in which serious work is possible while you're sitting in city traffic, or cruising at 120 mph on a German autobahn.

THE CAR THAT GAVE ITS ENGINE TO THE LE MANS WINNER

There can be no more emphatic measure of the strength of the light-alloy S-class V8 cylinder block than that it now does service as the heart of the Group C car which won Le Mans this year. You'll find both the six-cylinder and V8 S-class engines are of similar mettle, if not the same metal. The

conveys presence without courting. You don't have to be a VIP ostentation its styling complements to travel S-class



ENGINEERED LIKE NO OTHER CAR IN THE WORLD.

figure of well under 7.0 seconds. The other six models in the flagship range, from the 300SE to the 500SEL, while offering comparable opulence, handling brio and prestige, give away only a little in outright performance.

Nothing Takes Priority Over Safety

560SEL delivers 300 bhp and a 0-60 mph acceleration

Safety engineering has been fundamental to Mercedes-Benz design philosophy for more than 50 years. Mercedes-Benz invented the passenger safety cell, for instance; and the airbag and ABS braking also went into production at Mercedes-Benz before being used by any other manufacturer.

S-CLASS STANOARO EQUIPMENT

300SE & 420SE (STO WHEELBASE) ABS anti-locking braking system Automatic Iront seat belt tensioners Automatic transmission Electric sunrool (tilting) · Electric windows Electrically adjustable steering column | Electrically operated near-side mirror · Exit lights in doors | First-aid kil · Front seat height adjusters. Headlamp wash/wipe -Healed door mirrors Leather covered steering wheel and gearshift . Multipoint central locking Outside temperature gauge Power assisted sleering Rear head restraints. Recirculating air facility - Tinted glass - Twin illuminated

vanity milliors Walnut fascia ADDITIONAL WITH 500SE Leather or velour uphoistery. Cruise control Electric front seals - Electric aerial - Limited slip differential. Rear reading lights. Rear shell speakers Metallic peint

300SEL & 420SEL (LONG WHEELBASE) As for 300SE and 420SE plus Cigal lighters in rear ashtrays . Rear tool rests. Electric aerial · Rear reading lights · Rear shelt speakers

An conditioning Leather or velour uphoistery Cruise control Electric front seals Limited ship differential Metallic paint ADDITIONAL TO ABOVE WITH 560SEL Alloy wheels - Electronic radio-cassette

ADDITIONAL TO ABOVE WITH 500SEL

Electric roller blind. All seats electric and heated, front with position memory. Sell levelling suspension OPTIONAL EQUIPMENT - ALL MODELS

Acceleration Skid Control Orthopaedic seats Aubag Refugerator in bool. Rear door and window curtains. Thelt waining device

Without doubt, there's more to travelling S-class than simply riding in a prestigious limousine. It has a lot to do with innate good sense and discrimination. Travelling S-class means being satisfied with only exceptional standards of comfort, handling, performance, safety and build quality. The best, in other words. Something, once tried, you won't want to do without, whether you're a VIP or just a rather successful man in the street.

Government hails drugs budget pact with doctors

THE Government claimed a hreakthrough yesterday in its attempts to defuse opposition to its planned health service reforms when the British Medical Association, the doctors' professionsl association. dropped its campaign against proposed new drug budgets. The agreement, which will blunt one of the most politi-cally sensitive issues in the controversy over the reforms,

came amid continuing talks hetween Mr Kenneth Clarke, the Health Secretary, and the Treasury for extra NHS funds. Mr Clarke has submitted a bid for nearly £2bn in extra funds for the 1990/91 financial year beginning next April to Mr Norman Lamont, Chief Secretary to the Treasury.

He hopes to ensure that

Dixons reports further fall in electrical sales

By Maggie Urry THE GLOOM in the retail sector deepened yesterday as Mr Stanley Kalms, Dixons' chairman, told shareholders of the electrical retailer at the annual meeting, that its UK market had weakened further. Last year, Dixons' profits fell from £103.1m to £78.4m. Yester-day, Mr Kalms said that sales so far this year in the UK were "slightly helow last year's level". Analysts fear that this year's profits will he lower again. Dixons' shares fell 3p to

140p. Mr Kalms said: "As usual, the outcome for the year will depend on the important Christmas trading period, hut there is no sign that our UK markets will make any signifi-cant recovery for the remainder of the current financial

Although the company has moved to cut costs and improve efficiency, Mr Kalms said the benefits of this programme were dependent on an upturn in Dixons' markets.

Poor trading is being seen elsewhere in the stores sector, with Sears and Next, both fashion retailers, set to report falls in half-year profits next there are enough funds to begin introducing the reforms, and to svoid the political emharrsssment of hospital ward closures after this year's surge in inflation and in the level of wage awards. But Mr Lamont is trying to scale down the bid to maintain the Gov-

ernment's spending targets.
The Government will submit evidence to the independent pay review bodies for doctors, nurses and midwives next month. It is expected to acknowledge that they should be giveo increases at least in line with inflation.

The agreement on drug hudgets came at what was described at a frequently heated meeting hetween Mr Clarke and a BMA delegation led by Dr Michael Wilson, the

chairman of its general practi tioners committee. Mr Clarke gave firm assurances that the proposals in the draft legislation to introduce firm hudgets for ragional health authorities and "indicative" budgets to cover prescrip tions issued by individual GPs would not limit their freedom

Dr Wilson said that the assurances meant that the Government had conceded that the new system would be operated flexibly hnt Mr Clarke insisted that he had merely explained in detail the original

to provide any drugs needed hy

proposals.
The BMA insisted that it would continue to campaign against other more fundamental reforms.

Patten poised to rule on new town's future

By Andrew Taylor, Construction Correspondent

MR Christopher Patten, recently appointed Environment Secretary, will decide in the next few weeks whether to give the go-ahead for a new country town in north-east

Hampshire.
The decision is being seen by conservationists and soma Conservative MPs as an impor-tant test of Mr Patten's green

Mr Patten succeeded Mr Nicholas Ridley as Environ-ment Secretary during the recent Cabinet reshuffle. Mr Ridley, in one of his last decisions as Environment Secre-tary, said in July he was "minded" to approve the development of the new town, called Foxley Wood, at Bramshill, near Fleet.

Mr Patten has to decide whether to reject his predeces-

Hart district councillors, within whose boundaries the new town of 4,800 homes would be huilt, have stroogly opposed the scheme. Yesterday, st a press conference in London, they said they would hold a protest meeting at next month's Conservative Party

Mr Michael Alley, chairman

of the council's planning and infrastructure committee, said approval of Foxley Wood would mean the Secretary of State had overturned the opinion of one his own planning inspectors, had ignored the viaws of local planners and had failed to concern himself with the quality of life and bappiness of voters in south-

east England. Consortium Developments, a group of 10 of Britain's biggest househuilders proposing Fox-ley Wood, also held a press conference in London yester-

Lord Northfield, its chairman, said moves by Hampshire county conneil to restrict househuilding would force local people to move out of the

He said just under 10 per cent of homes at Foxley Wood would he low cost, mostly rented accommodation. Preference would be given to local

people huying houses.
The members of the consortium are: Barratt Developments, Beazer Homes, Bovis Homes, Ideal Homes, Laing Homes, Y.J. Lovell, Tarmac, Wilcon Homes, Wimpey Homes and McCarthy & Stone.

Enterprise wins battle to operate oilfield

By Maurice Samuelson

THREE North Sea oil companies have ended a year-long battle over who will operate the Nelson oilfield, the 15th largest in UK waters, at a cost

of about £700m.
Under the agreement announced yesterday, the field's facilities will be designed and huilt by Shell Expro, the Shell-Esso joint venture company. ture company.

But Enterprise Oil, the inde-pendent British oil company, will become the field's operator when the oil starts flowing. Enterprise was created from the former oil interests of the British Gas Corporation. Although it has stakes in many producing oil fields, this will be its first operatorship.

The Nelson field straddles two hlocks. One is 22/11,

licensed to Enterprise, and the other is 22/6a, licensed to Shell

and Esso. Lying six miles south-east of the Forties field, it has recoverable reserves estimated hy County NatWest WoodMac, the Edinburgh stockhrokers, at 350m barrels of oil and 100bn cubic feet of gas.

The agreement, the first of its kind over a UK oilfield, ends a tug of war between

Enterprise and Shell-Esso. In the course of drilling 10 appraisal walls, each sida claimed to have most of the field's reserves in its own area.

Although the debate on the reserves is far from over, both sides have reached a compromise on developing and operat-ing it in order to ensure that first production will be achieved by 1993.

Shell Expro will now prepare its design plan and, subject to the Energy Secretary's approval, development should begin in the second half of next

Enterprise will fully participate in the development phase, with reciprocal arrangements for Shell and Esso during pro-County NatWest WoodMac

said the agreement between Shell/Esso and Enterprise was "a logical division of labour." At peak production, in 1995, Nelson should he yielding 125,000 barrels of crude oil a

Curtain lowered on Guinness case

Robert Rice on why reporting restrictions are unlikely to be lifted

ESPITE the widespread publicity given to the purpose of last week's preparatory hearing in the Guinness case, the media is prevented from reporting the result of the prosecution's application to have the trial split hy hlanket reporting restrictions under the new law governing the prosecution of

serious frand cases. After some initial confusion over the precise nature of the new restrictions, Sir Patrick Mayhew, the Attorney-General wrote to newspaper editors to remind them that despite the enormous public interest in the Guinness case, the "fair administration of justice" required that the provisions of section 11 of the Criminal Jussection it is the Criminal star-tice Act 1987, which govern reporting restrictions on prepa-ratory hearings in fraud trials, should be scrupulously com-plied with.

Any publicity given to repre-sentations made by the prose-cution or the defence at such a hearing, or to any observation of the judge, or to the outcome of the hearing itself, could prej-udice irretrievably the eventual trial and so prevent ju being done. This was the reason for the legislation, he said. Section 11 lays down that in

the absence of an application hy one or more of the accused for an order that reporting restrictions should be lifted, nothing about or concerning the preparatory hearing can be reported other than a list of basic facts surrounding the trial, such as the names of the accused, a summary of the charges they face, and whether the accused have been granted

legal aid. Mr Justice Henry, the Guin-Mr Justice Henry, the Guinness trial judge, had originally thought that because of the publicity that had been given to the hearing it would be possible, and only sensible, to lift reporting restrictions so that the general public could know the ontcome. After hearing argument on the ambit of the argument on the ambit of the restrictions from counsel act-ing on behalf of the Attorney-General, however, it became clear that the court was not ble to allow this.

The reporting restrictions imposed by the 1987 Act follow the pattern of restrictions gov-erning committal proceedings in magistrates' courts. Where they exist they are total. Even if a court wished to lift the curtain to a limited extent it could not do so.

Subsection 8 of section 11, which lists the basic facts sur-

rounding the trial that may be reported at the preparatory stage, does however permit the reporting of "the offence or offences or a summary of them with which the accused is or are charged."

In the court's view this meant that even if the press could not report the outcome of the application to have the trial split; it would at least be free to report any changes in the charges faced by the seven Guinness defendants. If the 65count indictment was going to be pruned down to a manageable size, which the prosecu-tion had indicated on more than one occasion that it was,

than one occasion that it was, then the press would be free to report the changes made.

But because the Guinness defendants have been arraigned on the original charges and have entered pleas in respect of them, if the prosention were to drop any of ention were to drop any of them at this stage or indicate that they will offer no evidence in respect of certain charges, the defendants would be entitied to ask the court to enter a formal verdict of not guilty in respect of the withdrawn charges, as though they had been tried and acquitted. It seems therefore that the

prosecution proposes for the .

moment to leave the original charges on the indictment so that the press cannot report any change in the nature of the offences with which the accused are charged, and on which they will eventually stand trial.

If the Guinness trial is split into two or more trials with at least one of the defendants in the dock in more than one trial, it is almost certain that an application will be made under section 4(2) of the 1981 Contempt of Court Act to post-pone publication of any report of the first trial until any subsequent trials have started, or, possibly, until they have

The justification for such an order would be that if the first trial was reported there would be a substantial risk of prejudice to any subsequent proceedings.

In view of the complexity of the Guinness case and the expectation that even if the trial is split the first part will last anything np to six or seven months, it seems increasingly unlikely that the media will be able to report anything more concerning the case until the end of 1990 or the early part of 1991.

Labour group backs idea of proportional voting

By John Mason

PRESSURE on the opposition Labour Party to support elec-toral reform grew yesterday when the soft-left Labour Co-ordinating Committee, its largest internal pressure group, backed the idea and an opinion poll said the party would gain an extra 25-3 per cent electoral support if it embraced proportional representation.

sentation.

A survey by MORI for the Electoral Reform Society showed backing for PR would increase Labour support, particularly among middle-class men living in the South East — a group of voters Labour needs to win over to gain newer Fairness and increased power. Fairness and increased democracy were the main rea-sons given for supporting PR. Committee members voted by more than 4-to-1 for elec-toral reform and narrowly in

favour of the additional member system - which would retain single-member constituencies hut add a regional "top-up" of MPs to keep the composition of the House of Commons in line with voting

They rejected systems such as single transferable vote, which members felt would weaken the relationship between MPs and their constit

Electoral reform is to be dehated at Labour's annual conference, which opens next week in Brighton. Party lead-ers will oppose it, saying Labour can win a majority under the present system, but a record number of constituency motions from constituencies indicates growing support within the party for a change

Students, employers 'may have to pay tuition costs'

By David Thomas, Education Correspondent

STUDENTS and employers could be asked to pay the cost of university courses under a plan agreed yesterday by the vice chancellors of Britain's. universities to fund the expansion of higher education over the next two decades.

The vice chancellors are to investigate proposals to charge the full cost of course fees to students from affluent backgrounds and set up a scholarhip system to cover the course costs of students from poorer families.

Sir Edward Parkes, chairman of the Committee of Vice Chancellors and Principals. said yesterday: "It would allow us to do a certain amount of Robin Hood in squeezing the middle classes to pay for the universities expansion." He was speaking at the end of the committee's three-day

private meeting in Leeds, which acknowledged that most of the additional resources to fund the Government's planned doubling of the num-bers in higher education over the net two decades would have to come from the private

As a first step to identifying future sources of funds, the universities intend to calculate and publicise the full cost of their courses in coming months. Courses are generally thought to cost between about £3,000 and £10,000 a year,

depending on the subject.
The universities will decide whether they could charge a fee which reflects these full costs. This would be substantially above the current university fee, which is met hy the Government for nearly all Brit-ish-based undergraduates.



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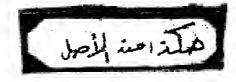
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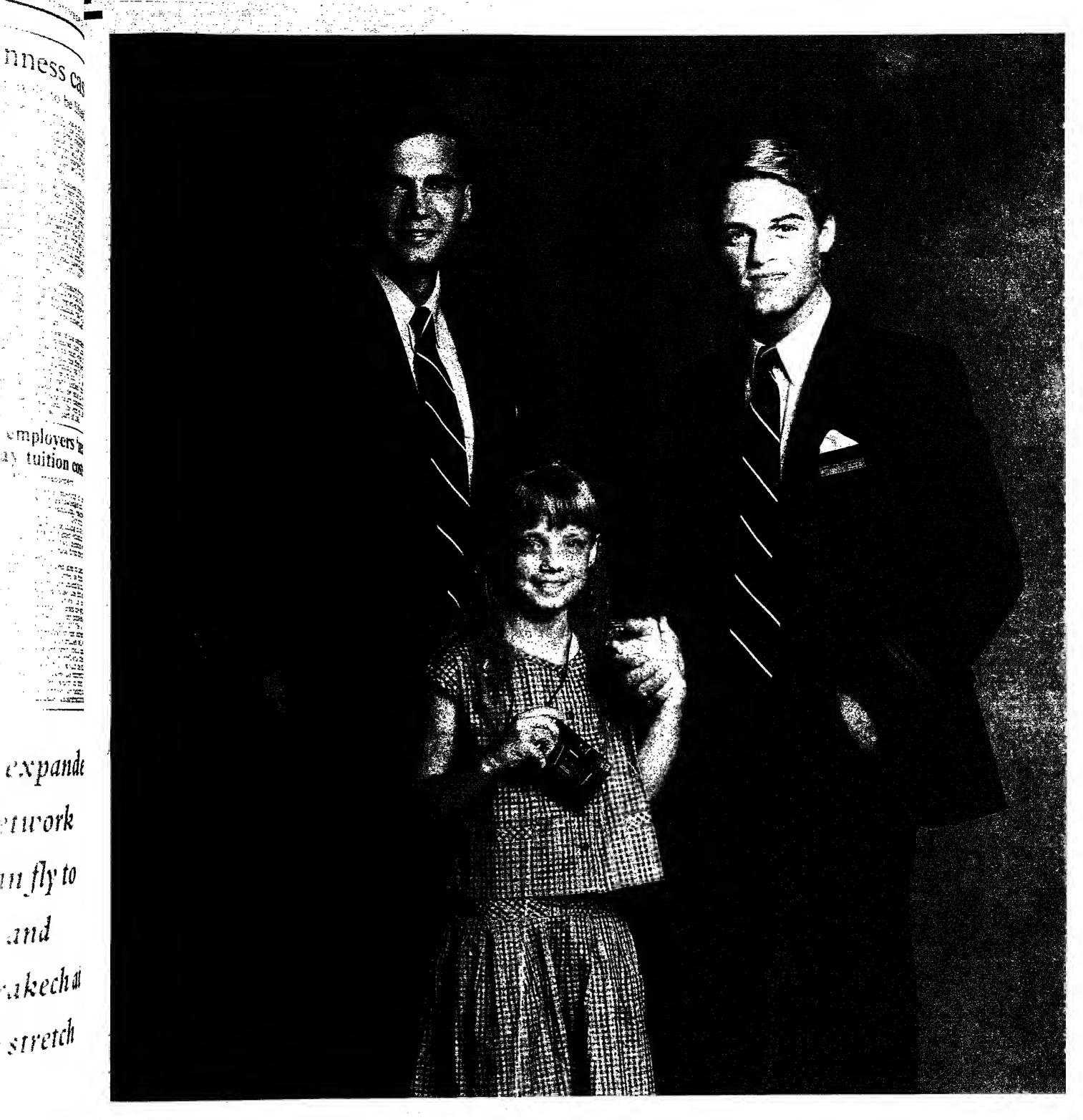
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After the little girl lost her camera, it took Tim and Art to make things click again.

Our story begins one evening at JFK International Airport, New York.

Among the passengers on Flight 804 to Paris was a 10 year old called Marckey. For her, the trip turned into near misery when she mis-placed her camera.

Enter TWA's Arthur Costa and Tim

Sanders, part of the airline's ground staff team at the airport.

Yet, in spite of retracing Marckey's every move, they still failed to find the camera.

So Tim and Art dipped into their pockets and replaced the camera from the airport's Duty Free shop.

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The Economist

MANAGEMENT

seo Guizait will reach a mile-stone in its business rela-tions with the Soviet Union next month when it signs a FM24bn (234.5m) joint venture deal with Moscow's Ministry of Forest industries that will greafly increase its output of short-fibre pulp, an essential intermediate material in reach reputation.

essential intermediate material in paper production.

The joint venture, which has been the subject of lengthy negotiation with the Soviet side, will be easily the largest undertaken by a Finnish company since Soviet foreign investment laws were liberalised at the start of 1987. Yet it is unique in other ways, too. The pulp mill will be located on Finnish soil and Enso-Gutzeit will retain 80 per cent control.

The deal thus highlights both Fin-

The deal thus highlights both Fin-land's fascination for Soviet joint ven-tures and the caution with which, nearly three years after the new regime was instituted, Finnish companies approach the prospect of actually pumping large chunks of investment capital into the Soviet Union itself. Its common border with the Soviet Union and long tradition of Soviet

trade has made Finland something of a pioneer in exploring the potential economic advantages to the West of perestroiks and glasnost. The now completed renovation of Moscow's Savoy hotel by Finnair and Intourist

testifies to the early Finnish involve-ment in joint ventures.

At the latest count, according to the Finnish-Soviet Joint Venture Partners Association, the Soviet Ministry of Finance had ratified 85 joint venture agreements with Finnish companies, a figure exceeded only by those with

West Germany.
Yet, of the first 79 ventures identified by the association, as many as 50 are, like the Savoy hotel project with its quick return in foreign exchange, in the service sector. Only 29 are in manufacturing, where projects are harder to set up and carry more risks. The total equity investment involved was as little as roubles 75m.

Finnish businessmen say there are a number of reasons why they remain cantious about investing in Soviet manufacturing despite the apparent attraction of wage levels in neigh-bouring Estonia being one quarter of

those in Finland. These range from uncertainty about the political future, to difficulties in dealing with the labyrinthine Soviet bureaucracy, to worries about the infrastructure and availability of raw materials, and finally to the pecu-liarly Finnish problem of the two countries' bilateral trade arrange-

This normally means that payments for products of a joint venture in the Seviet Union that are exported back to Finland have to pass through their joint trade clearing system and do not therefore yield hard currency

which the venture can result as profit.
"In our industry," says Gustaf Serlachius, chairman of Metsa-Serla. another forest products group, "if you make the wrong investment you are

Joint ventures

Finnish companies unravel the Soviet labyrinth

The number of manufacturing projects is now on the increase - but they present significant management problems, as Peter Montagnon explains



in trouble for years." The capitalintensive nature of the paper business has made this sector one of the most relactant to develop joint ventures. But executives say they are also concerned about the availability of electric power, poor transport facilities and the need which may arise in

remote areas for the venture itself to provide infrastructure, such as roads, housing and schools. One of the biggest worries for many manufacturing concerns, adds Hannu Eskelinen of the Finnish-Soviet Chamber of Commerce is the availability of raw materials. "Joint ventures are located inside Soviet territory, but outside the planning system."

Alongside low wages, securing access to the Soviet Union's theoretically abundant supply of raw materials should be another strategic reason for entering a joint venture. Yet almost all the Finnish-Soviet joint ventures in manufacturing that have set out to rely on Soviet raw materials have experienced difficulty in obtaining them, and this only adds to the

financial risk involved, he says However, it was the plentiful availability of raw material in the form of birchwood that made the Soviet venture attractive to Enso-Gutzeit in the first place. The venture involves modernising its pulp mill at Uima-harju on the Soviet border and increasing its output to 340,900

It will use timber supplied by the Soviet Union under an ancillary joint venture which will allow the Soviet side to use high-yielding Firmish tech-nology for forest clearance. As a par-ticular incentive to keep the supplies flowing, the timber will also be paid for in hard currency. Under an arrangement which is still regarded as controversial by the Finnish Foreign Ministry, Enso-Gutzeit plans to keep the trade outside the bilateral

clearing arrangement.

Given the capital-intensive nature of modern pulp and paper production, it is not surprising that Finnish forest industry executives find the prospect of cheap labour in the Soviet Union

an attraction of relatively little inter-

One of the few other ventures in this sector has been formed by Metsa-Seria. It has negotiated a FM400m venture with the Moscow Paper Ministry and the Pulp and Paper Combinate of Tallinn to build a toilet paper and tissue plant in the Estonian capital. The plant will produce 40,000 tonnes annually and employ 250 peo-

The company has long held an ambition to supply the Soviet market where there is a chronic shortage of toilet paper. Yet to cover its hard currency costs half the product will have to be exported to the West.

This conflict between a Western ambition to supply the Soviet market and the Soviet priority to earn foreign exchange still bedevils negotiations on joint ventures in the manufacturing sector.

One fear in the West is that it is precisely in labour-intensive indus-tries such as textiles where the Soviet Union offers the greatest cost advan-

tage that protectionist barriers to trade with the West could come crashing down if supply of products from joint ventures in the Soviet Union grew too large.

Examples of joint ventures in the textiles sector are thus few and far between, though Matti Antikainen, whose Kati-Myynti garment manufacturing commany was one of the first turing company was one of the first Finnish companies to establish a Finnish companies to establish a Soviet joint venture, says trade harriers have not yet been a problem. Also in Tallinn, this venture started out as a 1,700 sq m factory producing high quality womenswear and an additional 6,000 sq m of floor space is being added this year. So far, however, 95 per cent of the output is being sold in the Soviet Union and a more testing time will come when the ventage of the control of the co testing time will come when the ven-ture seeks to reduce this total to its target of 70 to 75 per cent.

Antikainen, who is also chairman of the Finnish-Soviet Joint Venture Partners Association, says that two years after registering this joint ven-ture, he has learned much about how to negotiate with the Soviet Union.
"Wa have learned to seek commitment in writing and accept much more documentation work than we are used to elsewhere." he says.

"Every small angle must be covered." This is a daunting task given the many layers of negotiations which Finnish executives say are necessary to get a joint venture off the ground These will normally involve negotiating not only with the Soviet factory which will be the joint venture part-ner, but also with the Ministry responsible for it in its home Republic and with the central government ministry in Moscow. If the venture also requires construction of a new fac-tory, a separate set of negotiations may have to be undertaken with a separate group of ministries and including the municipality where the venture is to be set up.

Notwithstanding all these problems, Finnish officials say that the experience gained in establishing joint ventures in the services sector is now slowly paving the way for grow-ing activity in manufacturing as well, especially given the prospect of a duty-free processing zone on the Finnish-Soviet border.

"There will be a shift to the manufacturing sector within a year or two," says Erik Ulfstedt of the Finnish Foreign Ministry. Sectors which interest the Soviet side range from computer components to sporting goods, tableware, prefabricated housing, copper wire and furniture, he

The question is how long it will take such ventures to return a profit. It is easy to make roubles, says Eskelinen, but until now the ventures have had very little success in hard currency terms. The day will come when money can be made, he adds, but it will be as long as it takes to make the rouble convertible - and that means sometime early in the

Weighing up the asset options

By Charles Leadbeater

aced with an intensification of international competition since the 1970s companies in general

one might be called asset management – shifting a company's capital away from high cost/low profit activities into those which are more profit-able. The second involves increasing the value added produced by a smaller workforce, often operating with new technology and production

The two strategies give rise to very different sorts of company. The first sort of asset management company can be extremely mobile, moving from sector to sector, country to country. It seems primarily financially driven. The second is more stable, reliant upon employee commitment, training and skills. It seems driven by a need to improve its cost

and quality base.

The meeting point for these two theoretical extremes is the so called flexible firm, which

combines both approaches.

The flexible firm has been defined in a variety of ways, most commonly according to whether it has a workforce divided into a core of skilled full-timers and a periphery of staff who are usually less skilled. While the core has employment security, the periphery's employment is contingent - it depends upon the ebb and flow of demand.

Academic debate has raged over how common this sort of flexible firm is, whether a clear line can be drawn between the core and the periphery, and whether companies have a well developed strategy to create peripheral part-time work-forces. Yet the underlying logic for companies to evolve in this direction is strong, according to a book published recently.

Professor Keith Sisson of

Warwick University's industrial relations research unit, in his introduction to Personnel Management in Britain*, says the flexible company approach reconciles the two apparently divergent responses to international competition.

Increased sub-contracting and use of part-time and tem-porary workers allows companies to minimise costs and shift their assets internally to concentrate them on their core

But creation of a core workforce also allows rewards of the "value added" approach to be reaped by raising the motivation, skills, and commitment of skilled full-time workers.

This combination of spproaches can set management some troubling problems. An increase in subcontracting means that instead of orders for parts or services being placed with an in-house sup-plier, companies have to go out to contractors in the market. So internal management struc-tures of authority, command. and discipline are replaced by the market's discipline of price, competition and contract speci-

fication.

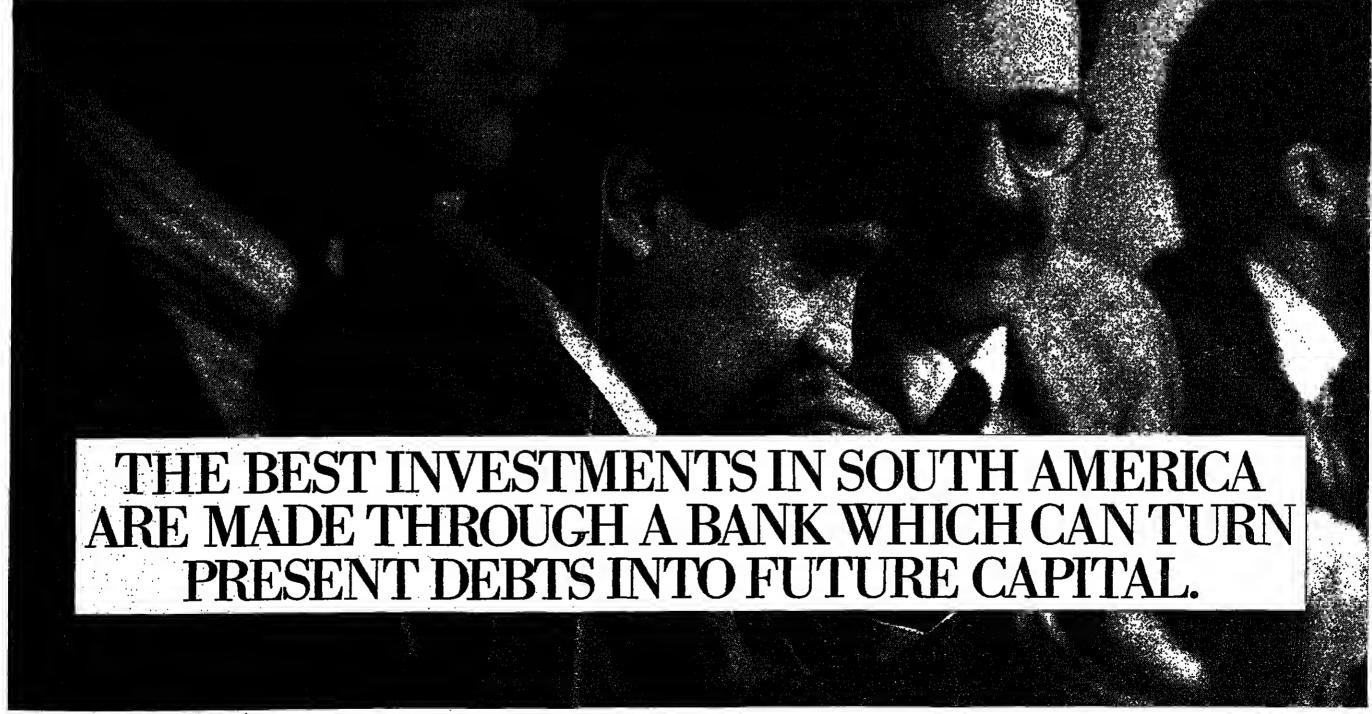
But the value-added approach promotes a very dif-ferent sort of management culture. With the decline in the number of young people fuel-ling skill shortages, the reten-tion and motivation of skilled staff will become more important. The sort of effort employars will be expecting from skilled workers will also be dif-ferent. There will be more stress on quality, innovation and flexibility than quantity.

In response many leading companies are refashioning traditional relatively hierarchical command structures, with the introduction of quality circles, team briefings, and employee involvement. In the next decade this is likely to move on to the introduction of autonomous work teams, largely working without direct

This implies a considerable weakening and dispersal of tra-ditional authority. As Profes-sor Sisson says: "This package of changes requires more than compliance from employees: it requires their co-operation and commitment."

So both pressures will lead to enormous changes in management style and culture. On the one hand "asset manage-ment" requires a management which is much more effective at external relations in the marketplace. On the other hand the value-added style creates a need for a much more sophisticated approach to internal employee relations.

*Personnel Management in Britain, ed Professor Keith Sisson, published by Basil Black-well, £15.



Companies operating in South America often work with currencies whose exchange rates are under severe pressure. On behalf of its clients, the ABN therefore seeks out new ways of obtaining the currencies needed for in-

vestment at the most favourable rates possible. For example by performing swaps involving conversion of government debt. So that clients can in fact obtain new funds from existing debts, with a substantial

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AWORLD OF UNDERSTANDING.



THEATRE

The Merchant of Venice (Phoenis). Dustin Hoffman's Shy-lock a sympathetic, semaphore-gesturing alien in Peter Hall's fine Venetian Renaissance production, Geraldine James a superb Portia (836 2294). The Black Prince (Aldwych). Ian McDiarmid gives the perfor-mance of a lifetime in Iris Murdoch's distillation of her own Hamlet novel. Witty black farce vitriolic and entertaining (836

MUSIC

Orchestre National de France conducted by Jeffrey Tate, Mar-garet Marshall, soprano: Richard Strauss (Wed). Theatre Des Champs Elysées (47203637). Orchestre de Paris conducted y Semyon Bychkov, Alexis Weissenberg, plano: Dutilleux, Ravel, Beethoven (Wed, Thur) Salle Pleyel(45630796).

Versailles

Centre de Musique Baroque evokes 1789, the crucial year, bymusic in Versailles from October 1 till November 25. There will be the opening mass for tha states general, symphonies dedicated to Marie-Antoinette and a concert given over to her harp-music, works by the *Italians in* Versailles and an evening of (42334800). Tickets to be bought at the entrance to each concert.

Wiener Mozart Orchester conducted by Johannes Wildner. Mozart. Konzerthaus (Fri). gue, conducted by Ahmed

Anything Goes (Prince Edward). Cole Porter's silly ocean-going 1930s musical has four or five marvellous songs and Elaine Paige failing to emulate Ethal Merman. Undemanding summer time fare (734 8961, cc 836 2428). A Flea in Her Ear (Old Vic). Fey-deau's farce in the John Mor-timer translation spiritedly done as German Expressionist night-mare by Richard Jones and the Quay Brothers, the directing and design team on WNO's Love of Three Oranges. (928 7615, cc

Veterans Day (Haymarket). Imperfect Donald Freed national-ist paranola play about three the President partly redeemed by fascinating duo of psychotic Vietnam hero and brightly accommodating Second World War buddy (930 9832). M. Butterfly (Shaftesbury). Anthony Hopkins as the tortured diplomatic hero in a Peter Shaf-fer-style "spectacle of ideas" dressed up in John Dexter'a superb production as a metaphor of homosexual life. (379 5399).

Aspects of Love (Prince of

Elsaedi. Mozart, Elsaedi, Stravin-sky, Janacek. Musikverein. (Sat). Orpheus Chamber Orchestra. Soloist, Alfred Brendel. Bee-

Soloist, Airred Brenkel. Sectioner, Mozart, Copland, Prokofiev, Musikverein. (Sun., Mon). Wiener Schubert Trio. Mozart, Schumann. Musikverein. (Tues). Wiener Symphoniker, conducted by Erich Leinsdorf.

Brahms, Schumann, Busoni. Musikverein. (Wed, Thurs).

Frankfurter Feste 1989

with the title of A Common Brotherhood is based on two historic events: the French Revo-

lution in 1789 and the start of the Second World War II 50 years

ago.
The programme attempts to

explain the historic events and

their influence on contemporary culture and society in terms of

will performances of works by Mauricio Kagel, of Britten's War Requiem and Prokofiev's Alexan-

played by the Concertgebouw Orchestra Amsterdam, conducts by Riccardo Chailly, the Berlin

Philharmonic, Leningrad Sym-phony, the Saito Kinen Orchestra

under Setil Ozawa. The North

the struggle for liberty. There

der Nevsky. Most of the Bee-tboven symphonies will be

This year's Frankfurt Festival

German Radio Orchestra will perform Krzysztof Penderecki's Polish Requiem, under the com-poser. Other highlights include a concert version of Andrea Chenier as well as Handel's rarely played Tamerlano. There will be also be contemporary will be also be contemporary music by Wolfgang Rihm, Mauri-cio Kagel, Michael Sell and Anto-nio Madigan. Tickets Frankfurt

069/1340-400. Ends Oct 3.

latest is an intimate chamber operetta derived from David Gar-

Heidi Chronicles (Plymouth). Wendy Wasserstein's award-win-

ning drama covering 20 years in the life of a successful Ameri-

can haby boomer goes from sup-port for Eugene McCarthy's pres-idential aspirations to electoral

ambitions in the 1980s, accompa

tional flavour of the period (239

Lend Me a Tenor (Royale). A sprucing up in the set of a decay-ing town's big time opera ambi-tions makes a transatlantic hit

of this farce, first produced in

London, but now with a local

(Imperial). Anyone attracted by the notion of three hours of film

trailer previews will adore this

compendium of Robbins' directed and choreographed plays of the past 40 years, including On the

cast. (239 6200), Jerome Robbins' Broadway

nied by the musical and emo-

nett's 1955 novella. Musically interesting and well directed

by Trevor Nunn. (839 5972).

Beethovenfest will be the high-light of Bonn's 2,000th anniver-sary celebrations, with around 30 concerts. Among the orchestres appearing are: Berlin Philharmonic under Lorin Maazel, Royal Concertgebow Orchestra Amsterdam, conducted by Richard Charles Charles Charles cardo Chailly, the London Classical Players, the English Baroque soloists and the Monteverdi Choir of London, conducted by John Eliot Gardiner, the Vlanna Philharmonic under Leonard Bernstein, the Dresden Philharmomic, the Bonn Beethovenhalle Orchestra under music director Dennis Russell Davies, who is also the artistic director of tha festival. Soloists include Alfred Brendel, Andor Foldes, Krystan Zimerman, Janos Starker, HannaSchwarz, Cheryl Studer, Bernd

urs Simon's latest comedy is a self-conscious farce, with numerous slamming doors and lots of mugging but hollow humour that misses as often as Cats (Winter Garden), Still

a sell-out, Trevor Numn's produc-tion of T.S. Eliot's children's poetry set to music is visually startling and choreographically feline (239 6262), A Chorus Line (Shubert). The longest-running musical in the US has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the so are used as auditions rather than emotions (239 6200). Les Misérables (Broadway). The nagnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry (239 6200). Me and My Girl (Marquis). Even if the plot turns on ironic ministry of Pygmailon, Everettable icry of Pygmalion, Forgettable songs and dated leadenness. It has however proved to be a dura-ble Broadway hit (947 0033).

Weikl and Reiner Goldberg. To

Berlin Festival until Oct 2 will be a forum of East meets West A Maurizio Pollini piano recital with works by Brahms, Schoen-berg and Beethoven (Sat). Cham-ber Orchestra of Europe and solo-ist Gidon Kremer, Yuri Baschmet, conducted by Nikolaus Harnoncourt in Mozart and Schubert (Sun). The Hamburg Philharmonic Orchestra and Vladimir Ashkenazy (piano), con-ducted by Gerd Albrecht plays Aribert Reimsnn, Brahms and-Janacek. Philharmonie. Ludwigsburger Schloss, Theater im Forum: 25th anniversary con-cert of the Monteverdi Choir London and the English Baroque Soloists, conducted by John Eliot Gardiner in Mozart and Bee-

Teatro Toniolo. Daniele Gatti conducting Debussy's Dances Sacres et Profanes and Ravel's Daphnis et Chloe (with Harpist Susanna Midoman) and Lieder by Richard Strauss, with

The surprise Tony winner for 1988 is a meditation on the true story of the French diplomat whose long-time mistress was a male Chinese spy (246 0220). Phantom of the Opera (Majestic). Stuffed with Maria Biornson's Stuffed with Maria Bjornson's gilded sets, Phantom rocks with Andrew Lloyd Webber's haunting melodies in this mega-transfer from London (239 6200). Laurie Anderson (Brooklyn Academy of Music): The perfor-mance artist opens the season's Next Wave Festival with her latest solo work, Empty Places.

Ends Oct 15. (718 636 4100)

Driving Miss Delay (Brian Street). The touching relation-ship between a dowager, played in this production by Dorothy Loudon, and her black chauffeur exposes the changes in the South over the past several decades

(348 4000). Steel Megnolias (Royal George). Ann Francis and Marcia Rodd play the leads in this view of southern life from under the dry-ers in a busy hairdressing establishment (988 9000).

Soprano Pamela Coburn (Fri, Sat at Teatro Rossini).

New York Philharmonic. Zubin Mehta conducting. Mozart, Mah-ler (Tue); Helmuth Rilling conducting. Mozart programme (Thur). Avery Fisher Hall (874

2424)
Juiliard Orchestra. Otto-Wenner
Mueller conducting with Allison
Eldredge ('cello). Beethoven,
Elgar, Brahms (Wed). Avery
Fisher Hall (874 2424)

National Symphony Orchestra conducted by Mstislav Rostro-povich with Paul Tortelier ('cello). Saint-Saens, Elgar, Schubert (Tue); Barry Douglas (piano). Mozart, Prokofiev, Goldmark (Thur). Kennedy Center Concert Hall (467 4600) Alexander Toradze piano recital. Ravel, Mussorgsky, Beethoven (Thur). Kennedy Center Terrace

Chicago

Chicago Symphony Orchestra conducted by music director-des-ignate Itzhak Perlman (violin). Brahms programme. (Tue, Thur). Orchestra Hall (435 6666)

EXHIBITIONS

London

The Hayward Gallery. Andy Warhol - two years after his death, a comprehensive retrospective of the career of this sem-inal yet ambiguous and still con-troversial artist, since he turned to painting from graphic design in the early 1960s. Until Novem-

The Serpentine Gallery. "Success is a career in New York" - this study of Andy Warhol's early career as a graphic designer as illustrator in New York in the 1950s is complementary to the retrospective at the Hayward and essential preparatory view-ing. Daily until October 1. The Royal Academy. Gauguin and the School of Pont Aven a fascinating study of the prints made in the 1880s and

the 150th anniversary of the first

The Whitworth Gallery. The Last 100 Years — a celebration of the centenary of Manchester University's great gallery through four small displays. through four small displays, taken from its study collections; brawn to Paper — a selection of British drawings and water-colours 1900-1939; A Century of British Printmaking; The Magic Influence of Mr Kydd — blocked and stencilled wallpapers 1900-1925; and Modern Art & Textile Design 1930-80; throughout the summer.

Museé des Arts Decoratifs. Je suis le Cahier - Picasso's sketchbooks. After two years of mean-dering the world over, the exhibi tion ends, aptly, in Paris. The-40 sketchbooks covering a period of 64 years follow closely Picas-so's development. 107 Rue de Rivoli (42603214), closed Tue,

ends December 31. Institut du Monde Arabe. Egypt-Egypt. An exhibition of 25 chefd'oeuvres, including the most recent finds, starts with statues and bas-reliefs dating from the middle-empire, continues with a golden crown of a high priest of Osiris with some elements of Roman art and Coptic Icons

of Roman art and Copic rooms and concludes with Islamic exhibits. 1, rue des Fosses-Saint-Bernard (closed Mon). Ends Jan 14 (4051858). The Louvre. The glass pyramid, built by LM. Pei, the Sino-Ameri-can architect, has opened to the making as a dramatic entrance. mblic as a dramatic entrance. to one of the world'a most famoris museums. Open 9am. 7 m, Mon and Wed until 9.45pm,

ciosed Tue. Musée Rodin, A delightful 18th century town house — Hotel Biron — contains the life work of Anguste Rodin, whose powerful genius opened the way for modern sculpture. In the gardens his Thinker broods, the Burghers of Calais trudge to their tragic destiny and Balzac, draped in his cloak, defies time. 77, rue de Varenne, closed Tue. Musée d'Orsay. Paintings, sculptures, objets d'art and photo-graphs from the end of the romantic period to the begindonist and post-impres sionist collections formerly in the Jen de Paume. Here they are counter balanced by aca-demic painters, their contemp raries, long derided for their pomposity. Entrance to the museum is at 1, rue de Belle

chasse (45494814). Closed Mon.

Fondation Glanzide: A Henry
Moore retrospective of some 50
sculptures, 80 drawings shown
in rotation and 60 engravings
is as impressive by the judicious
selection of axhibits, as by the
exceptional location for 12 of the monumental statues in a park with Alpine peaks as a backdrop. Ends Nov 19

Europalia Japan 89. Having cele-brated the art and culture of Austria two years ago the Euro-palia turns to the east this year, bringing to Belgium the most spectacular festival of Japanese speciacular resulval of saganess arts outside Japan. Palais des Beaux-Arts. The fiuman Figure: millennia of Japa-anese art — an overview of Japa-

nese art from 3000 BC to the 19th century which opens Wednesday and ends November 26. Banque Bruxelles Lambert, Japa 1890s by the loose society of artists that came together at Pont Aven in Brittany, of which Gauguin was the leading but not necessarily, at the time, the outstanding figure. Daily until November 19.

Also the Art of Photography 1839-1869 — in celebration of nese Buddhist Art from the Hyogo prefecture exhibits works from the 7th to 19th century. Opens Thursday, ends October

swern-Aisinber Fine Arts. Le Cercle des XX, late 19th centur Belgian Painters. Closed Mon, Sun. Ends Oct 31. edium. Until December 23.

Beethovenhalle Bonn. 50 por-traits of Beethoven by the American pop artist Andy Warhol. In addition to the Bonn Beethoven-fest, an Andy Warhol exhibition is taking place until October 1.

Bruecke Museum, Bussardsteig 9. A Franz Marc retrospective with 180 drawings and aquarelle (1880-1916) most of the German expressionist painter's works, can be seen for the first time until Oct. 29.

Secession. The highlight of the next few weeks will be the 100th anniversary of the birth of Ludwig Wittgenstein, the philoso-pher, architect and craftsman who until recently had not been appreciated by his fellow countrymen. Ends October 29 and not to be missed. The Technisches Museum. Although not the most elegant

of Viennese museums, has put together an exhibition exploring the relationship between art and industry and how industry has tapped the imagination of the artist. Ends the learned 1999. The Benedictine Monastery in Melk, an hour's drive from Vienna, celebrates its 900th anniversary. Besides a fascinating collection of paintings, books and later, newspaper cuttings, the Abbey bossis the finest baroque architecture in this part of Europe. Until November 15.

Museo Napoleomico, Eighteenth-century Roman Theatre and Car-nivals. This absorbing exhibition covers the years 1775, when Pins Vith's long reign began, to 1799, and attempts to show how the conflicting influences of the papers and the revolution in papers affected the Roman these tre. Ends Sept 36 5.3 L Oak 1 2.18 Turking from a larged a larged plan of

Russian and Soviet Art: 1870-1980, Renzo Plano, architect of the Beauboung, has given the 250 works chosen from Soviet. museums by Giovanni Caran-dente an immensely effective setting, turning the ground-floor workshops of the disused Flat factory into the equivalent of an Arab tent. Ends October 20.

Palazzo Grassi. Italian Art. 1900-1945. A.much-amplified exhi-

Martigny

hition covering a briefer period than did the recent show at the Royal Academy in London, organised again by German Celant, with the director of Pal-azzo Grassi, Pontus Hulten, Enda

Nov.

San Giorgio Maggiore: Hogarth

- a beautifully chosen study
of the life's work, prints, drawings and paintings, of the first
great English artist of the 18th
century, William Hogarth, organised jointly by the Chil Foundation in Venice and the British
Council Hogarth has never been
shown abroad before, and this
matter of the ulcarescue and master of the picaresque and social satire could hardly be seen to greater advantage than in the city of the Carnival Until Novem-

Palazzo Te, Truttiere di Palazzo Te, Reggia Gonzaghesca A vast exhibition devoted to Giulio Romano, Raphael's favouritepuexmination devoted to Gittle Romano, Raphael's favouritepu-pil, who spent the last 20 years of his life in Mantua, producing-masterpieces of architecture, painting, engraving and fresco. Ends November 12.

Forte di Belvedere. African Art: The Roots of Modern Art. One hunded and fifty sculptures. mainly in wood, produced by 66-different tribes spread that 66-different tribes spread through central, western and southern Africa. The works, lent by 12 major museums and 21 private collections, date for the most part from the last two centuries, but with an introductory section containing works from the third century BC. Ends Oct. 29.

New York

Whitney Museum. A special exhibit from the museum's extensive holdings of Edward Hopper highlight the realistic painter's Paris and domestic scenes among the 150 pieces in all media. Ends Nov 5. Museum of Modern Art. Covering only eight years, from 1907 to 1914, Picasso and Braque: Pioneering Cobism consists of more than 350 works of the two artists during their fruitful collaboration before Braque left for war. Ends Jan 16.

Art Institute. Fixing the Shadow shadows the history of photography at its 150th anniversary. Of the millions of possible contributions, the exhibit focuses on 400 pieces by 200 photographers organized chronologically. Ends November 16.

Telen Museum. 400 Years of Edo/ Tokyo. When the shoguns moved the seat of power to Edo in 1590 it rapidly became one of the world's largest cities. Works in this small but exquisite exhibition celebrating the city's arts and crafts range from scroll paintings and prints to porcelain. swords and a stunning kimono nbroidered with wisteria. Closed 2nd and 4th Wednesday Sunfory Museum: Japanese Tex-

tiles. A selection of fine works from a prominent American col-lection — ranging from elaborate kimonos and theatrical costumes o sluple firemen's coats and other specialised garments. Closed Mondays.
Identity Museum, Zen Paintings by Sengai (1750-1837). Ink paintwhose witty works reflect the essence of Zen Buddhism. Closed

essence of Zen Buddhism. Closed Mondays.

Budkamura. The Museum. The Tale of Genji and Murasaki Shikibu. The opening exhibition at Tokyo'a brand-new arts centre is devoted to one of the classics of Japanese literature and its

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Class A Mortgage Backed Floating Rate Notes Due July 2015

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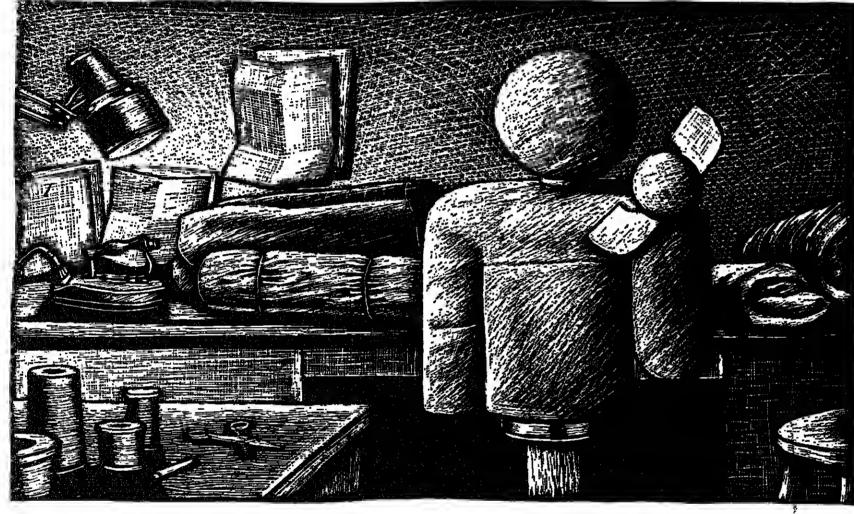
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ARTS

Die Walküre

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has got off to a magnificent start. The outstanding qualities of Wednesday's Walkure (sponsored by Grand Metropolitan) were the traditional, not to say old-fashioned, ones superbly dramatic conducting by Bernard Haitink, at once less in texture and rich in emotional impact, highly individual in its Wagnerian "sound-world" and conwagnerian sound-world and con-ceived in grandly sustained long spans; the finest, most noble Wotan voice — James Morris's:—the house has heard for many a long year, and a cast of distinguished Wagnerians able to distil deep, strong meanings from words and notes (even when some of those notes want beauty or steadiness

of tone).
It may seem odd to commence a review of any modern Ring produc-tion this way — and odder still when the production is by Götz Friedrich, and anything but traditional or old-fashioned in its setting or conceptual basis. As a response to the great-epic, this introductory instalment shows itself full of disturbing features, challenges, questions as yet without answers — Covent Garden without answers — Covent Garden audiences will have to wait for those in the first complete cycle, three years hence. Yet any Wagner staging capable of haspiring a musical performance of this calibre must be worthy of admiration and respect even from London's most hidebound Wagner

conservatives.

This is, of course, Friedrich's second Covent Garden Ring. It was devised in the mid-1986s for the Deutsche Oper Regim, and has been toured. sche Oper Rerim, and has been toured internationally by that company, when, after last year's Das Rheingold, all plans were abandoned for a low-cost Covent Garden cycle produced by Yury Lyubimov, the "portability" of the Berlin staging speedily recommended it as a feasible replacement. (And as a stopgap; when the house, with which Sieglinde and Siegmund re-opens in 1996 after its planned mark out their first encounter are

times year rebuilding programme, a wholly homegrown new Ring will be one of the most eagerly awaited undertakings.) Unlike the Friedrich cycle of the 1970s, with its brilliant feats of stage engineering and its allocation of a distinct visual identity to each opera, the Berlin-originated cycle keeps spectacle to a minimum and presents the entire tetralogy on a single set. single set.
This is the already-celebrated (or

notorious, according to taste) "Time Tunnel" designed by Peter Sykora: a Tunnel" designed by Peter Sykora: a series of arches inspired by the Washington Metro and stretching in perspective into the far distance. It is a Ring enclosed, shut off from Wagner's vast open spaces and skies; the caraclysm has already taken place — in Act. 2 Wotan contemplates models of bombed cities (Berlin? Dresden?)—and all the events are wreathed with dark pessimism. (In Friedrich's words, "It's as though we have lost sight of "It's as though we have lost sight of

There are fascinating futurist details to the set; even when (in Act 1) they lar most obviously with that words (tree? spring? moon?), the intellectual seriousness of the imagery is undeniable. The overpowering impression is of grey, dank, late-1980s despair; one has regularly to remind oneself that Die Wolkfire is generally considered the most radiantly lyrical and emotionally unstinting of the Ring operas. There are fascinating futurist

and emotionally unstinting of the Ring operas.

And yet, because of Friedrich's precise handling of all the opera's characters and personal relationships, the impression is constantly mitigated. I have never seen a Walkare acted with finer-tuned sensitivity; in this respect the production is not just extraordiction is not just extraordiction. the production is not just extraordi-narily faithful to Wagner's staging instructions but as subtly and logi-cally motivated as any stage-play. (The difficult long silent glances, so often removed from today's Rings, with which Sieglinde and Siegmund



James Morris as Wotan

enseted with wonderful naturalness.) In spite of the unpoetic surroundings and the often hideously unflattering costumes, these are "real people." one cares passionately about them, and about their fats.

Morris, who in last April's super-naturalistic New York Met Ring was a wooden singer with a marvellous voice, is transformed, a Wotan with an inner life: the Farewell, deeply felt, sustained in a heartbreaking, gloriously mazzo-piano legato, and supported by Haitink and the orchestra with awesome hushed intensity, is tha evening's natural, inevitable peak. Gwyneth Jones (Brünnhilda) and Rene Kolio (Siegmund), alumni of the previous Covent Garden Ring, may break phrases and bump out individ-

nal notes in familiar fashion, but nei-ther has given a more touching or rounded portrayal on this stage. The new Sieglinde, Gabriela Schnaut, possesses a strong, unalluring soprano tempered by passionate conviction; Helga Dernesch (Fricka) is perhaps the most completely poised perhaps the most completely poised artist on stage, making each syllable resonate with mature authority. intelligent artists singing in their native language — Kollo, Schnant, Dernesch — afford Wagner a vividness that is strictly incomparable. John Tomlinson, Bayreuth's Wotan, is here a keen, powerful Hunding, the Valkyries are better as a team than singly.

The last word must be with Haitink. He recorded this opera (for EMI) with a less good orchestra (the Bayar-

with a less good orchestra (the Bavar-

ian Radio) before performing it in the theatre; the experience has proved invaluable, for whereas the records are no more than competent, solid routine, the Covent Garden Walkure is alive across the whole span of the drama, forward-moving and at the same time splendidly spacious in its architectural control. On another night the passing woodwind imperfec-tions may be aradicated, the love music of Act 1 even more expansively shaped; it is hard to imagine Wednes-day's final 20 minutes easily surpassed, or even matched. With this conductor in the pit the latest Royal Opera Ring is full of highest promise.

Max Loppert

Mary and Lizzie

Ghosts and spectral images. Ghosts and spectral images, spiked with non-sactarian regret, haunt the work of Frank McGuinness, ha they soldiers at the Battle of the Somme, a remembered baglady hy the Liffey, the dead youths of Bloody Sunday, the models of Caravargia or the trolls of of Caravaggio or the trolls of

Peer Gynt.
You enter The Pit to find an improvised floor-level altar to the Virgin Mary stuck in front of a stage surface of interlock-ing coffin lids. Designer Ultz then adds swings for primitive Irish harpies, the opening cho-rus, and draped polystyrene busts, it turns out, of Marx and

Engels, As a translator of Ibsen, and an imaginative equivocator on Irish maternalism, McGuinness has now reinvented Peer's mum, old Asse, in the shape of the resurrected mother (Dar-lene Johnson) of two Irish immigrant girls in mid-1840s Manchester who fell in with Engels as he researched his early masterpiece of fulminating reportage. The Condition of the Working Class in England.

The resultant play is really a resultant play is really a

vaudeville. It is probable that Mary Burns (Maureen Beattie), with whom Engels later lived with whom Engels later lived for many years, was his open-sesame to the nauseous cess-pits of misery he found as a pampered visiting hourgeois with revolutionary ideals. McGuinness portrays her and an intermediary, narrating sis-ter, Lizzie (Lesley Sharp), as avenging spirits of Ireland, sourred on hy an hilarious spurred on hy an hilarious Constance Shacklock in Repub-

Constance Shacklock in Republican tricolour (Pip Hinton) to find their father.

He emerges, in a queasy interlude, as a begrimed, downtrodden miner played hy Robert Demeger in purple body make-np. This is suddenly meant to be serious, which is confusing after a pantomime intervention by Nicholas Woodeson as Queen Victoria. deson as Queen Victoria, pironetting on pumps with a bucket and spade; and Marx and Engels in bed together, the former reciting an Ode to Materialism while the latter regrets the materialist waste of the skin which once encased his chum's circumcised penis. Simon Dormandy is Marx, Simon Russell Beale is Engels. Their double act is exposed by

the sisters in the hrilliant,

alarming first scene of the sec-ond act, where Jenny Marx (Katy Behean) arrives to throw Engels' words about the slov-enly, drunken Irish back in his face. This is dramatic dynamite hut political rubhish: Engels' arguments (not nearly as racist as Carlyle's, which Engels qooted in this section of his book) are cool, dispassion-ate and based in demographic

truths.

The charge of Mary, who has administered a hlow-joh to Engels while he excitedly defines the distinction between scientific and Utopian social-ism, is that before he changes the world he should change himself. The heart sinks at such banality, especially in a writer of McGuinness's talent. The first chorus of bog-Irish

The first chorus of bog-frish harpies is succeeded by a reincarnation of Mary's six dead sisters in Beardsleyesque finery celebrating the Great Hunger of 1846. This is a marvellous juxtaposition of symbolist drama and the mythological playlets of Yeats. More confusingly, they march on at the ingly, they march on at the end as Russian prisoners in search of lost sons. It is these links that Sarah Pia Anderson's production, superficially enjoyable, signally fails to explain or flesh out. Engels' book as a crucial ele-

ment in the swelling imperial theme is not properly inte-grated in the play. Other con-nections remain to be made, such as Engels' response to the trainee Queen Victoria, jumpily delegating to Lord Mel-

All evening, you think "If only," and wonder if McGuin-ness might not have buckled down a bit more and written a Tom Stoppard-isb pot-pourri with political bite.

The most successful areas of the experiment - and if The Pit is to mean anything, it should house more such difficult, muddled work by major writers; easy perfection belongs elsewhere - reside in the music, the atmosphere of an Irish culture calling down the years, the sense of an avenging sorority. It is surely significant, too, that the Republican immigrant Catholics talk in marked Ulster

Michael Coveney

Othello

THEATR CLWYD, MOLD

The play is done on an empty stage of polished tiles, backed by a semicircular curtain. A row of modest lights runs round the curtain-top (lower for interiors than for outdoor scenes) and a weak spot, mounted 10 feet above the stage....shines obliquely throughout, only once more than ornamentally, when it flashes to hint at the lightning in the storm that sank the Turkish ships. As at Yieona's Burgtheater, there is no lighting from forward of the stage. The design is by Simon Higlett.

The costumes are emything from late Victorian on, but in Cyprus almost all the men-wear dark blue brass-buttoned uniforms. Othello, handsomely Kae-Kazim, more Bantu in feature than Moroccan, is the exception. He wears Western exception: He wears western dress, but over it, long white robes to suggest an Arab. He is clearly admired by all the Venetians, even by lago, longing for similar status. The voice quality sometimes reminded me of Paul Robeson.

Oliver Parker hits Iago precisaly as a competent, ambitious warrant-officer, but he might do something with his voice to emphasise his aocial inferiority to Mark Culwick's Cassio, an intimate of the high-ups, for these both look much alike from Row K.

The subtleties and tha powers of the plot are made very clear. There are never more than the naaded minimum of characters on stage, and a needed minimum of furniture (a point I shall come back to in a moment). Personalities are clearly blazoned in a minute; lago is so clearly a crook that it's a

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marvel Roderigo (Cameron Blakely) doesn't notice it from the moment lago cons him outside Brabantio's house,

Othelio, summoned from tupping his white ram, is almost dictatorial, and the Venetians accept him as their equal or more at once. Like his ancient, he likes to make his good speeches down centre. Anna Patrick's Desdemona is as self-possessed as Othello at her first appearance. She is no mere innocent but a maturely confident young women, and this makes her subsequent foolishnesses the more touching. But director Toby Robertson las misjudged the scenes of her death.

. She . has asked for her "wedding sheets" on her bed, and Emilia (nicely played by Elena Ferrari) confirms that she has put them on. But on what? Othello murders. Desdemona in an armchair, and not without a struggle. The scenes afterwards, with Montano, Gratiano and the reat, look like a staff conference, though the director still has a surprise in store. When Othello shows how he stabbed the turbaned Turk; he pulls a little dagger from the ornament he wears in his hair - not too little to pierce his own heart.

The production is going rather slowly at the moment it runs three and a half hours, without many cuts in the text. The fault, it seemed to me, was too much emphasis on the "Macready pauses," that are too many and too long. I am sure it will go better after a few days' playing. It runs until October 21,

Gulliver's Travels

CROYDON WAREHOUSE

The Lords of Misrule are a company formed only two years ago by a group of Oxford graduates. Among their aims is the intention to revitalise ideas and language in the theatre, not forgetting "the power and heauty of our English lan-guage — in which they have the advantage over quite a few critics, most young play-wrights, and the Royal Shakespeare Company, all categories often unable to remember just why the English-speaking theatre has lasted for four centu-

This two-man adaptation of fulliver's Travels comes into the ideas department. Alan Leigh, one of the performers, has adapted Swill's satire with a due, if unusual, emphasis on the hilious misanthropy. At

least one young couple sitting in front of me seemed dismayed and surprised at various developments and — er — outcomes (this version shirks nothing in charting bodily needs), a reminder of bow truncated, expurgated and dis-torted this particular classic has been over the years in its improbable metamorphosis into a children's story.

David Ford is the robust Gul-

liver, strong-voiced and ener-getic; the adapter plays all the other roles with the aid of a ghetto hlaster for music (Colin Good's harshly jangling baroque) and sound effects (the gush that accompanies Lemuel's first pressing physi-cal function in Lilliput), wigs, the occasional glove puppet, chalk and tape to mark out ship and tiring room on stage. The inhabitants of Brobdingrag (not Brobdignag as the publisher had it, so the author sharply reminds us) are distinguished by red noses. Differences in size are expressed by each actor standing in his own pool of light looking up or down as his character's dimensions demand. An imperishable Struldbrug winds himself in a white shroud printed with dates that take us well into the future and totters off, mutter-ing, disgruntled under the weight of immortality.

The show won a Fringe First in Edinburgh in 1988 and has toured extensively. The effect is cumulative. By the time we reach the Houyhnhms – Mr Leigh on lifts and walking sticks, chicken-wire horse's

- the message is clear and strong. Equine nohility and human squalor come over movingly; the language, whinnied out by the actors, is absolutely convincing. The contrast between the sagacious quadruped puzzling over such alien concepts as money, law, war, government and religion, and the narrator, returned bome to a now repulsive family in a world peopled hy lawyers, soldiers, bawds, flatterers, politicians and the rest, is powarful. The uncompromisingly black final mood has a disgusted disdain to it that sets a Swiftian seal on the whole proceedings.

head, grey skin slung over him

Martin Hoyle

A Slice Of Saturday Night

As regularly as Saturday night, though thankfully not quite as often, the nostalgia musical arrives in town on the back of some more-or-less runaway bandwagon. The more honest of them - and this is one admit to attempting little more than to raise a few goosebumps and let down a few yards of

The trip this time is 1964, a year when as the programme note helpfully reminds us in another convention of the genre Krushchev was deposed, British MPs voted to end the death penaity, and Nelson Mandela was sent down for life. And what were England's B.A. Young teenyboppers doing to mark the occasion? They were down at the Club a Go-Go dreaming.

of Twiggy and oggling the boy next door. The cult following accrued by this rolling stone since it

made its way from Brighton via Islington's King's Head to lodge itself in the heart of the West End was made clear by a swarm of paparazzi the like of which has not been seen since Jeffrey Archer's last hlast, and a swarm of faces which looked as if they were once pinned up on one's bedroom wall.

There is something entirely endearing about watching a show about teenage fantasy and reality performed by a cast of virtual unknowns when one is sitting next to Gary Glitter, aware that the voice in the background is Roger Daltry's. If the Saturday Nighters' hearts missed a beat or two,

they showed no signs of it in a tion for the innocence of an musical that ran the gamut of age in which an impossibly adolescent emotions from A to

The Heather Brothers, whose work this is, are generous with their energy, providing a good couple of dozen numbers, origi-nal in the precise arrangement of words and chords though wickedly and deliberately derivative in everything else. The mood of Marc Urquhart's sharply tailored production is parody that lingers on the soft side of ont-and-out style assassination.

There is cruelty in David Easter's portrait of randy and incontinent youth, just as there is in the absurd incon-gruity of Lisa Hollander's Mary Quant ayes and Mary Poppins morals, But there is also affecage in which an impossibly young Monkey look-alike (James Powell) can find tremulons lerv in his last dance with a skinny waif (Mitch Johnson), and in which the dopey sexual advances of the local buffoon (Roy Smiles) are foiled by the gruffly paternal club owner, Eric, nine times winner of rock-till-till-you-drop contests.

It is with Binky Baker's Eric that the show pulls its trump card, firstly in creating a character who brings the oldest swinger back into vogue; secondly, in finding a per-former willing and able (pace the lads) to keep it up. All else is of little consequence.

Claire Armitstead

English Chamber Orchestra BARBICAN HALL The English Chamber

Orchestra made a worthy but unexciting start last night to this season's series of concerts at the Barbican. A return to the ball after the summer hap-pily (for the ECO, at least) reafsounds better here than its full-sized counterpart, while raising again all the old doubts about the acoustic: any instrument near the back really does The programme featured Colin Davis in two of his favourite composers, Mozart and Stravinsky. One always expects this combination of music and musician to yield dividends and so it did on this occasion, especially in the unforced expression that Davis is able to tease out of slow movements. But it has to be

said that the zest of his conducting in earlier years has given way now to a manner deeper and more introspective.

The performance of Apollon Musagète that opened the con-

the string, and elbows weighing down for depth of sound. The music responded inevitably with a feeling of emphasis and seriousness, as it was to do later in Mozart's "Jupiter"

Richard Fairman

ARTS GUIDE

OPERA AND BALLET

London

Boyal Opera, Covent Garden. The new stiempt at a Royal Opera Ring opens with Die Walk-The new sitempt at a Royal Opera Ring opens with Die Walküre, in a production by Götz
Friedrich adapted from his Berlin
staging Bernand Haitink conducts and the cast includes
James Morris, Gwyneth Jones,
René Kollo, and Gabriele
Schnant. Final performances of Rigoletia, with Ingvar Winall,
Leontina Vaduva and Jerry Hadley, conducted by Sian Edwards.
English National Opera, Coliseum. English Stational Opera, Co

Thestre de la Ville. Jiri kyllan and the Nederlands Thester come with a programme often influenced by Czech folklore and Slav nostalgie, welding choreography with music (42742377) Thestre des Champs Elysées. Der Rosenkundler is performed by the Paris Opera Orchestra, conducted by Georg Schmeelin a new production, co-produced by the Thestre Des Champs Elysees, the Monspellier Opera and the Nantzs Opes (47203637)

Vienna

Stantsoper. Rigoletto is conducted by Leopold Hager with a cast including Patrizia Pace, Waltraud Winsauer, Hans Curistian; Chowanschischina by Mussorgsky is conducted by Claudio Abbado with Ludmila Schemtschuk, Heimz Zednik and Joanna Borowska; Der Rosenkavalter, conducted by Silvio Varviso, factures Gundula Janowits, Margareta Hintermeier, Helmut Wildhaber. Tosca, by Fuccini. (Mon., Thurs). L. Elisir. d'Annor, by Donizetti. Cast includes Alida Ferrarini, Noriko Sasaki, Rolando Panerai. (Tues) Ballet: Waltzes. Conducted by Caspar Richter. (Wed)

Volksoper. Operas and operatas this week: Die Zauberfloste by Mozart. Conducted by Konrad Leitner. (Fri). Der Opernball by Richard Heuberger, conducted by Rudolf Bibl. (Sai). Die Cardasfursin by Emmerich Kalman. Conducted by Hudolf Bibl. (Non). Der Freischutz by Weber. Conducted by Dietfried Bernet. (Tues). Die Zirksprinzesto, by Emmerich Kalman, conducted by Herbert Mogg. (Wed). Mignon. by Ambroise Thomas, conducted by Ernst Maerzendorfer. (Thurs).

Berlin Opera. Tosco returns with Natalia Troitskaya in the title role, Franco Boulsolli, William Dooley and Rolf Kühne.

Hamburg Staatsoper. Der Troubadour has fine interpretations by Glorgio

Kwon, outstanding as Adina with Kurt Streit, Alexandru Agache, Rolando Paneral and Gabriele Rossmanith in other parts.

Zancanaro, Nina Terentjewa,

Sharon Sweet and Lando Barto lini. Der Liebeswurk has Hellen

Opera. The new Aids production, by Jeques Karpo has Rosalind-Plowright repeating her much praised performance in the title role and is expertly conducted by Bonn's music director Dennis Russell Davies.

Frankfurt

Opera. Britism's Ein Sommer-nachtstruum is respectable with-singers Jochen Kowalski, Linda Griffitz, David Bennet And Vladi-mir de Kanel La Boheme stars Gyoergyi Benza and AlbertoCu-pido. Un bailo in Mascheru returns with a new cast led by Lubica Rybarska, Bruno Bec-caria, Michal Shamir and Vera-Ramewicz

Cologne

Opera. The successful Harry Kupfer Jenufa production features Eva Tamassy, Linda Plech, Leonie Rysanek Gausmann, Guenter Neumann, Alfred Kuhn and is conducted by Cologne's new music director James Conton. The rarely played one act operas by Rossini La Cambiale di Matrimonio! Il Signer Bruschino.

Munich

1

Opera. Le Nozze di Figuro features Luma Popp, JeannePiland, Angela Maria Blasi, Alan Titus, Alberto Rinaldi, KallenEsperian, Julie Kaufmann, Franz Grundhe-ber, Francesco Ellero Also offered Rossini's rarely played Mosé, Fuert Igor with Cornelia Wulkopf, Gabriele-Maria Ronge, Bodo Erinkmann and Robert Schunk and Madama Butterfly with Eugenia Modoveanu and Gudrun Wewezow.

Piazza del Plebiscito. An outdoor "festa" of music and dance spon-sored by the Banca di Napoli and major Italian state holdings and broadcast in Eurovision.

Testro Olimpico. The Accademia Filarmonica Season opens with a gala evening which for once lives up to this suspect term, with eight truly distinguished performers. (Fri. Sat. Sun.).(293304) Teatro Nazionale. The Scala bal-

reacro Nazionale. The Scale Bal-let company in Les Sylphides, Bal-anchine's Apollon Musagete and Birgit Cullberg's Signorian Giu-ia, with plane accompaniment by Michele Fedrigotti (4396700). New York

Metropolitan Opera. James Lev-ine conducts the opening gala of Aida in Sonja Frisell's produc-tion with Aprile Millo, Placido Domingo and Sherrill Milnes, in a week that includes Porgy and Bess with Priscilla Basker-ville and Larry Marshall in Pupville and Larry Marshall in Puc-cini's *Il Trimic*o. Lincoln Center (362 6000). (382 5000). New York City Opera. The week includes the first performances

of Die tote Stadt in a decade with John Absalom as Paul and Step-ben Dickson as Fritz in Frank hen Dickson as Fritz in Frank
Corsaro's production conducted
by Klaus Weise; and Madama
Butterfty. Lincoln Center New
York State Theatre (877 4700).
Martha Graham Dance Company. One of America's premiere
modern classic theatres perform
mixed programmes from their
extensive repertory. Ends Oct
22. City Centre (581 7907)

Washington

September 29 to October 5

Pacific Northwest Ballet. Return engagement features the world premiere of Firebird choreographed by co-artistic director Kent Stowell, among works by Balanchine, Paul Taylor and the other co-artistic director Francia Russell Johrey Ballet. Fort-night's engagement celebrates Nijinsky's 100th birthday with the performances of *Le Sacre* du Printemps and *Les Noces*.
Ends Oct 15. Kennedy Centre Opera House (254 3770).

Chicago Lyric Opera. The opening production of Tosca with Eva Marton, Luciano Pavarotti and Siegmund Nimsgern is conducted by Bruno Bartoletti in Deppe De Tomasi's production. Jiri Kout conducts Der Rosenkavalie with Anna Tomowa-Sintow, Kathleen Battle and Julian Patrick (33) 2244)

Tokyo

rick (332 2244).

La Traviata performed in Italian by the Nikikai Opera Company, with popular Japanese soprano Shinobu Satuh as Violetta. Tokyo Bunka Kalkan (Wed) (370 6441).

nify bows drawn long across

cert was affectionately shaped, but without the rhythmic edge that might have given it extra lift. The gestures that Davis

favours most often are a hand

sweeping broadly along, to sig-

An astrolabe made in 1462 by

in between came the same composer's Piano Concerto No 22 in E flat, K482, with Elisabeth Leonskaya as the soloist

This, too, was a sober performance, the limpid tone of the pianist matched hy subtle expressive shading in the orchestra that reached real elo-quence in the Andante. But when it was time to throw inhibitions aside and let the finale run joyously away, the performers tied it down - too little energy, too much thoughtful interpretation.
Leonskaya used Britten's

cadenzas, no doubt inherited from her sometime duet part-ner, Sviatoslav Richter. Even when one is expecting them, these come as a bit of a shock. though Leonskaya imaginatively made much of the unusual chance to show off expertise in two styles in the course of one concerto.

SALEROOM

Christie's to sell Picasso

Regiomontanus, the greatest astronomer of his time, sold for E209.000 at Christia's South Kensington yesterday, on tar-get. It carries the names of 30 stars with their pointers and what is traditionally said to be a portrait of Regiomontanus as an angel on the reverse. an angel on the reverse.

Another important astrolabe, made in Augsburg in 1576 by Christoph Schissler the Elder sold to Simon Bull for £187,000,

three time the estimate. He was regarded as the best scientific instrument maker of his

The record prices paid for paintings by Picasso last sea-son has persuaded numerous owners to sell off their trea-sures. The top price in New

be paid for "Au lapin agile," one of his circus studies which might make over \$30m at Soth-eby's in November, while yes-terday Christie's announced it was disposing of another Picasso, a very early "La Maternité" of 1901, which should exceed £10m, making it the most costly work to be disposed of in London this season. In Christie's sale of 19th cen-

York this autumn is likely to

tury works of art yesterday, "La juive d'Alger," a bronze parcel gilt and enamelled hust with amethyst eyes and onyx drapery, produced by Cordier in Paris in 1863, sold for

Antony Thorncroft

New name for SWRB

Sadler's Wells Royal Ballet is no more. The name was always a confusing mouthful and so there will be few tears over its disappearance. Henceforth the company will be known as the Birmingham Royal Ballet in recognition of the fact that Birmingham City Council is providing it with a new home at the Hippodrome Theatre, at a cost of £4m, complete with rehearsal studios, office space, health studios, etc, plus a nice

subsidy of £1m over three The company moves into its

new premises in September 1990 for a two week season. Over the two years from 1990 the better funded company will present four newly created works including a hallet hy David Bintley, plus eight hal-lets new to the company.

It will still spend most of the time touring and expects to

dance in London for more weeks than it did when linked to Sadler's Wells. IBM is to sponsor the first season in Birmingham.

A.T.

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Friday September 29 1989

The Polish package

SOMETIMES AN onlooker has to pinch himself to make sure he is still awake. Here, in the midst of this year's rather bor-ing annual meetings of the IMF and the World Bank, is Poland's new Finance Minister, Mr Leszek Balcerowicz, propos-ing to transform one of eastern Enrope's shakiest command economies into a market econ-

omy – and in short order, too. Western leaders will ask whether the reform pro-gramme being advanced by the new Polish Government is workable. The question is important, but it cannot be answered, for the simple rea-son that what the Poles are proposing to do - the compre-hensive liberalisation of a collapsing, centrally planned has never been attempted. The West's leaders will heve to take a gamble. In so doing they should remind themselves of the size of the potential gain and stop looking so anxiously at their wallets. Success cannot be guaranteed, but the ideas advanced by the minister, though sketchy, are encouraging. The Government seems to be aware that it

will only succeed if there is swift implementation of the

triad of stabilisation, liberalisa-

tion and privatisation. Ending subsidies

With inflation for 1989 likely to be well over 200 per cent and still rising, nothing is more important than elimination of the fiscal deficit and so the planned withdrawal of subsi-dies to food and loss-making industries. In dealing with inflation, however, backward indexation of wages is a trap, because it would greatly slow the disinflation. Far better to act swiftly, with as little wage indexation as possible, and deal with the consequences through the planned reform of social insurance.

The debate over whether firms should be privatised or given independence under public ownership, instead, is unhelpful, since independence is most unlikely to be achieved without privatisation. Fortu-nately, trade liberalisation, Itself a necessary condition for a rational price reform, would minimise the danger of exploitation of any private monopolies that may emerge (provided the natural monopolies remain

in public hands).
In all these areas the new

Government's plans are on broadly the right lines. It is on the details that western assis-tance is needed. In offering assistance, the West should recognise three broad principles: first, it should not be given in forms that are likely to make the problems of the Polish economy worse – food ald being an obvious example; secondly, all assistance should support the reforms, but with-out significantly reducing the pressure to implement tham; and, last but not least, the limit should be set by what can be properly used, not by what can supposedly be afforded. This is no time to be penny wise and pound foolish.

Debt-equity swaps

The IMF's role in providing technical advice to the programme of macroeconomic sta-bilisation is, as the Polish Gov-ernment ltself recognises, important. But the idea of loading Poland with yet more debt in the form of large stand-by credits is quite unattractiva. Grants from western govern-ments seem far more appropriate. Meanwhile, the Interna-tional Finance Corporation could help with privatisation. In this specific context, debt-equity swaps would seem highly appropriate, given the Polish need for foreign capital and entrepreneurship and the importance of reducing the external debt at the same time.

external debt at the same time. The most valuable form of assistance from foreign governments would he deht rellef. One possible approach would be the elimination of payments of principal and interest on official debt, on a rolling, two-year basis. Meanwhile, the least the European Community can offer is unrestricted mar-ket access to Polish exports.

While the West must be prepared to do everything it can, the Polish Government should remember that these reforms are being undertaken for the sake of its own people; that they cannot succeed without comprehensive domestic change; and that nothing that can be done from outside will make up for a failure to act decisively at home. Foreign assistance, though vital, is at-best a helping hand; it should never be viewed as a crutch.

US goals in the **Uruguay Round**

NO ONE contemplating a wager on the outcome of the Uruguay Round of multilateral trade negotiations can now afford to ignore the part of the talks related to protecting intellectual property rights. Hitherto overshadowed by the debate on farm reform, intelas a make-or-break issue for the round as a whole.

The reason lies in the grow-ing strength of the business lobby concerned with intellectual property in Washington. This has already managed to establish intellectual property as a top preoccupation of US trade policy, producing regular countries such as Brazil and Thailand (on pharmaceuticals patents), Taiwan (on motion picture copyright) and Finland (on mobile phone components). Lobbying pressure was also behind the long list of 25 countries singled out hy the US Trade Representative earlier this year for special watch because of their lax enforcement of intellectual property

Washington lobbies

As they start to look towards the end of the Uruguay Round, trade negotiators acknowledge that success will require more than jost agreement in the General Agreement on Tariffs and Trade itself. The resulting package of trade liberalisation measures must also be sold to the US Congress without whose endorsement it cannot take effect. This process will unleash a new wave of activity hy the varioos Washington lobby groups. Experienced hands say that the group concerned with intellectual property has the muscle to per-suade Congress to block any

The lobby links companies from a wide variety of industrial and services sectors as well as geographical locations. All of them can perceive a direct benefit to their business from better protection of their intellectual property. They also couch their arguments in a disarmingly populist way calculated to fire congressional imagination. Rampant international abuse of intellectual property rights, they say, is straightforward theft of US property.

To satisfy them the Bush Administration will have to come up with an agreement that sets firm international standards of protection for patents and copyrights with an equally firm commitment to enforcement and an effective dispute settlement mechanism so that wrong-doing can be speedily redressed.

Seen as a ruse

This is a tall order, given the slow progress in the talks on intellectoal property so far. Developing countries such as Brazil and India ignore the advantages that might accrue from tougher standards in terms of increased foreign investment. They regard the whole process as a ruse designed to reinforce the neocolonial dominance of multinational corporations and to pre-vent the developing countries gaining access to technology which they need to promote their own development. At the very least new rules would force them to start paying for access to industrial processes that they have been used to obtaining for nothing.

Accepting new disciplines would thus be a real concession on their part. Many developing countries will not make it without a worthwhile quid pro quo from the US, probably in the form of a firm commitment to liberalise trade in textiles, a part of the round where the Bush Administration has so far displayed uneasy reti-cence for fear of offending its traditionally vocal textile

The need to win agreement on intellectual property with-out giving too much away on textiles will pose both a risk and an opportunity for the US as the round moves into its final year. Without a trade-off acceptable to both Congress and the developing countries the whole exercise could founder. Yet the textile industry bas been defeated twice in recent years in efforts to push new protectionist legislation through Congress and is not as powerful as it once was. Handled carefully, this is a challenge which could lead to significant progress on two important fronts as well as securing success for the round as

David Lascelles assesses the task ahead at the UK's second-biggest bank

n normal times, the installation of a new chairman at one of tha UK's top clearing banks would be the occasion for a bit of pomp and circumstance.

But these are not normal times at the National Westminster Bank, and the arrival of Lord Alexander next Monday will rub home that fact. This towering barrister was not due to take over until next January, but carefully laid succession plans had to be scrapped when his predecessor. Lord Boardman, became a casualty of the Blue Arrow affair last July. Lord Boardman retired early after accept. Boardman retired early after accept-ing the conclusions of the official inquiry into the share-rigging scandal that "a highly unsatisfactory state of affairs" existed at NatWest and County, its investment banking arm.

Thus, Lord Alexander's installation is a reminder of just how severely that affair shook the bank, though by the same token it gives NatWest the opportunity to claim that Blue Arrow belongs to the past. This is certainly the message that Lord Alexander will be trying to get across. In his intro-ductory tour of the bank and its branches he has found, he says, "a remarkable display of determination to recover from that setback," though Blue Arrow is only one of many challenges that will be facing

Lord Alexander arrives as a virtual outsider to NatWest's headquarters. As one of the country's best-known QCs (noted particularly for winning Mr Jeffrey Archer's libel case against the Star in 1967), he has no direct experience of either banking or corporate governance. He readily admits his low state of knowledge in matters of high finance, let alone the technicalities of Third World debt or even credit cards. His experience of the credit cards. His experience of the City is wider: he has just completed a two-year spell as chairman of the

It is for the wealth of his connec tions, his persuasive manner and a mind brimming with common sense that he was sought out, and not for his ability to man the bridge of the banking equivalent of a supertanker.
In some ways this is a strength.
NatWest remains one of the dwindling band of banks which still seeks
its chairmen outside. Lord Boardman was a politician, and his predecessor Robin Leigh-Pemberton was a barris-ter. They performed the ambassado-rial role while NatWest's tight-knit management team — all of them clearing bankers to the tips of their toes — got ou with running the bank. "The bank was looking for an outside perspective," says Lord Alexander of his appointment.

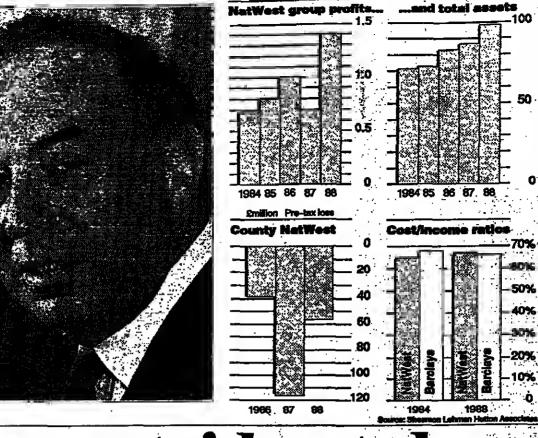
But this may also be one of the weaknesses of the NatWest structure which was exposed by Bine Arrow, Nelther Lord Boardman nor the bank's management were on top of events at their turbulent County off-

He will also have to focus on the longer term prospects at a time when fresh competitive challenges loom

shoot, and their lack of sophistication in investment banking matters proved Lord Alexander will not be bringing

any special expertise in this area either. But the Natwest solution to the County problem has not been to import more of the investment banking culture into group headquarters

as Barclays has done with Barclays
de Zoete Wedd - hut to tighten the leash on County hy, among other things, putting more group directors on its board. "County needed stronger



An outsider takes over at NatWest

management and much hetter systems of control," says Lord Alex-ander. "Both are now well under

As for NatWest's decision to keep County going at all after the crisis, Lord Alexander says: "It must make sense to continue to offer a full ser-vice to our corporate clients." Though he shrinks from using the word "synergy," he argues that a clearing bank can lend strength to a merchant bank, and the other way round. And though County itself has lost business in the storm of bad publicity, he says that the clearing bank branches are not noticing any damage from the Blue Arrow fall-out. Banking customers were sophisticated enough, without being told, to realise that this did not

being told, to realise that this did not affect the security of their bank.

Nevertheless, NatWest has now fallen some way behind its competitors in the intensely competitive investment banking market, and its own executives admit that a long hauliles ahead. Whether the benefits that lies ahead. Whether the benefits that County brings to the group ontweigh the stresses and losses it has caused is still doubtful, and Lord Alexander may have to decide that NatWest is better out of the husiness, rather than just in the second rank.

While restoring group morale will be at the top of his immediate agenda,

NatWest's new chairman will also have to focus on the longer term prospects for the UK's second largest clearing bank at a time when fresh

The very fact that NatWest is now second rather than first in the UK banking league indicates the quickening pace at the top of the industry. NatWest lost the number one position last year to a reinvigorated manage ment at Barclays. While NatWest could console itself with the thought that size is not everything. Barclays's notable success with BZW suggested that there were qualitative differences

that there were qualitative differences in management as well.

Lord Alexander says he took soundings when offered the post about the quality of the people who run Nat-West. He was assured that the bank had "management in depth" — a view which outsiders generally hold too, at least in traditional banking. Since getting to know them he has formed the opinion that NatWest has "an outstanding chief executive" in Mr Tom. standing chief executive" in Mr Tom Frost, a banker known for his stress on marketing acquired from a five-year spell running the US subsidiary. Certainly Lord Alexander sees the bank's strategic priority lying in its traditional retail markets, which is where NatWest has always heen strongest, rather than in new depar-tures. With over 3,000 hranches, it has

the largest network of any commer-cial bank in Europe. Recently, this business has been enormously profit-able thanks to the strength of demand for loans in the UK. The rise in interest rates has put a damper on that business. But the question facing all the clearing banks. NatWest particularly because of its dominant presence in the high street?
- is whether growing competition. from building societies and others have pushed bigh margins perma-nently into the past and forced banks to earn their living the hard way.

Lord Alexander adopts the conven-onal line that banking competition has never been tougher. He says it comes from greater awareness of price and choice among consumers. "But I'd like to think that their needs can be met by us," he says, referring not just to normal banking services, but others like mortgages and invest-ments where he thinks hanks can

gain new territory.

On the corporate banking side he was particularly encouraged to find that the traditional view of a bank manager as a man who sits at his deak and waits for people to come to him is changing. "Now, corporate banking officers are getting out and seeing customers. They're thoroughly enjoying getting ont and advising

NatWest is the dominant bank in the UK small business market with a claimed 30 per cent market share and a loan portfolio of 27bn. Aside from the commercial satisfaction this gives him, Lord Alexander approvas because of the wider role he thinks banks should play in community

Stacked against these gains is the huge increase in costs which NatWest has suffered in recent years. Three years ago, NatWest's ratio of costs to income was the lowest among the hig four clearers at 63 per cent. In the first half of this year, the ratio stood at 65.7 per cent, pushing NatWest into third place, But the ratio is heading down again, and Mr Frost has launched a campaign to save £200m of costs over the next 2-3 years.

That may not be easy Mord Alexan-der says he was appalled by the amount of paperwork he discovered in the cheque clearing process. He thinks NatWest will have to invest heavily in technology to get rid of it. And despite the depth of management he claims to have found at the bank. it is working at full stretch and will have to be supplemented by more tal-ent from outside.

While protecting its home market, NatWest also needs to find new avenues for growth. Some of these may come in Europe. Lord Alexander thinks NatWest has a lot more to learn there than in the more distant US market where it has been in the retail banking business for more than 10 years, and, uniquely among the clearers, making a success of it. Aside from a medium-sized bank in Spain, NatWest has only a sprinkling of branches on the Continent, and it has taken a cautious approach to 1992. But Lord Alexander says NatWest "must be at the leading edge."

As competitive pressures huild np,

As competitive pressures huild up, Lord Alexander will face a mounting conflict between the need to preserve profit levels and banker's prudence. Earning, as it does over at the conflict of Earning, as it does, over £1.50n a year, NatWest needs to find £1.50m of new profits each year just to keep growing at 10 per cent — a mugh assignment at a time when banks are also heing told by the Bank of

England to carry more capital. England to carry more capital.

Lord Alexander sees his role partly as a sheet anchor to prevent the bank chasing after the fashious which so often lead to trouble, like property lending, or Third World debt. Nat-West managers will therefore find their bright ideas undergoing the searching scruttery of his hooded state. their bright ideas undergoing the searching scrutiny of his hooded gaze. He confesses to mounting anxiety about the quality of some lending particularly of the highly leveraged kind which has caught on in the US and is now spreading to the UK. As chairman of the Takeover Panel he has been reluctant to comment

As chairman of the Takever Fales, he has been reductant to comment publicly on the financing of bids. But, in his new role, he is likely to become more outspoken. "I'm glad that there is an increased concern about this in the US and that the concern is spreading." the US and that the concern is spreading here," he says. He recalls reading an academic study which concluded that a recession in the US on the scale of that in 1973 would cause 25 per cent of US companies to go bust.

Not that NatWest is a hig player in the leveraged finance market. But he will be urging prudence. "We will offer loaps to have a car but not for a

offer loans to buy a car but not for a good Chinesa meal."
Would this prudent approach

Would this prudent approach include writing off 100 per cent of NatWest's £2.8bn of Third World loans, as J.P. Morgan of New York now seems ready to do? NatWest is, after all, relatively unexposed to shaky countries; it has already provided for 48 per cent of its lending and could afford to get rid of it completely if it wanted to. Traditionally, though, such drastic action would be thought such drastic action would be thought disloyal to other clearing banks which were less strongly placed. But Lord Alexander is impatient of such views. "There is no magic in the clearers sticking together," he says, though in a tone which makes it hard to judge whether he would push NatWest that for our of live. far out of line.

So far as the shareholders are con-cerned, he says they must realise that NatWest has to compete against banks like the Japanese, which are allowed to gear their capital up much more highly and are willing to accept

He will face a mounting conflict between the need to preserve profit levels and a duty to stay the right side of prudence

lower profits in the process. NatWest, he points out, is number five in the world in terms of bank profits, but 15th in asset size because the Japanese have bigger balance sheets.

in the UK where NatWest is power-fully placed and should have sufficient strength to hold its place - and shrug off the effects of Blue Arrow. Lord Alexander's challenge will be to see that NatWest does more than that, and reasserts the leading position it so recently held.

Drexel takes OBSERVER to London

Is Beverly Hills coming to the City of London? And will Europe learn to love junk bonds? Such thoughts have crossed the mind ever since the word that Peter Ackerman once heir apparent to the great (and indicted) Michael Milken at Drexel Burnham Lambert, is upping sticks and moving to London.

Ackerman, who is 42, will - in Drexelspeak - "co-ordinate the development of the firm's global high yield sales effort and multinational invest ment banking activities".

A first reflection was that the junk (or high-yield) bond business in the US really must be pretty washed out if Acker-man, an 11-year veteran of Milken's empire, thinks there are richer pickings in London. After all, the UK institutions heve not exactly been running over themselves to buy the subordinated debt that Sir James Goldsmith dangled as part of his planned reconstruc-tion of BAT Industries. But the word from Beverly

Hills is that, yes, the US junk bond market is displaying some characteristics of a com-modity market and, yes, some of the Milken junk bond empire has had to be moved out of Beverly Hills as part of the deal Drexel Burnham made with the Securities and Exchange Commission to keep its securities licence.

On the other hand, Ackerman is not about to rush round Europe leveraging every corporate balance sheet in sight. Instead, he is said to see in Europe the kind of revolutionary conditions that preceded the great explosion in the US junk bond market in the early

The operative word is "fer-ment". Ackerman will not so much campaign for junk bonds per se, but for the Drexel innovation that gave the world junk bonds in the first place and might include a lot of fancy stuff involving equity,

investing the bank's own capi-tal in acquisitions, opportuni-ties in eastern Europe and that sort of thing. Jolly Thatcher

■ Passing tribute to Mrs Thatcher: she is remarkably loyal to old friends. The Prime Minister has now turned up

eight years running at the annual reception of the News-paper Press Fund, a charity for journalists. She has no par-ticular reason to like the press, yet each time she makes a yet each time she makes a rather jolly speech. On Wednesday she talked about a visit to Glasgow: "I gave them a load of home truths instead of a load of home rule, and they loved it." Also about her recent visit to the Soviet Union: "I was the first British Prime Minister to go to Siberia and certainly the first British Prime Minister to get out of Siberia."

As it happened, she rather lost the thread in the middle and became somewhat mystical about President Gorbachev and General Jaruzelski. But the opening remarks were superb. She should use thet impromptu, knockabout style

More hunters

■ I am asked, in the nicest possible way, to point out that what Observer reported on Tuesday about the founding of the first Anglo-Japanese head-hunting firm in Britain is not quite true. There is another apart from the newly founded NB Selection Japan Limited It is called Nippon GKR KK and has recently been joined by Michael Barrett, a fluent Japanese speaker who used to work for the British Council in Tokyo. Like NB Selection, it has a female Japanese liaison officer in Britain. The reason why we may not



"I hope the Britisi don't send private security guards."

some important work for Toyota in Derbyshire.

In March 1987 Datid Finch

an Australian staff member
of the IMF since 1983 and one
of the IMF's four segior operating officers — resigned. His
complaint was that the IMF
was being gravely damaged
by US pressure uponit; his
examples were interprence
in loans to Exypt and Zaire. in loans to Egypt and Zaire. Now a senior fellow at the Washington-based Institute for International Economics, Finch has returned to the fray. His dismay is revealed in a pamphlet - The IMF the Record and the Prospect -published just before this year's annual meetings in the international Financeseries

of Princeton University's Department of Economics. "Because decisions regarding financial assistance to

a central monetary institution dealing with the problems of the major countries."

have heard of it before is that head hunting is very discreet: so much so that the buzz is thet Nippon GKR is doing

Finch fights

indebted developing countries]

were no longer based on com-patibility with repayment terms," he argues, "lending was guided increasingly by the political preferences of the leading industrial countries. The collegial relationship of the IMF staff with the financial authorities of borrowing countries crumbled, and the credi-bility of the IMF suffered." In the process, he asserts, "the narrowing focus of the IMF's financial assistance and the IMF's declining ability to ... maintain order even in the servicing of its own loans have steadily undermined the origi-nal intention to make the IMF

Star & Garter

Anyone who has ever visited Richmond, Surrey must have noticed the Royal Star and Garter Home up on the hill. Founded in 1916 for disabled rounded in 1916 for disabled sailors, soldiers and airmen, it is still going strong. About 20 veterans from the First World War are still there; there are also younger service people, victims of Northern ireland and the Falklands War. Even if universal peace breaks out tomorrow, the home will continue to have a role. continue to have a role.

A charity is being launched

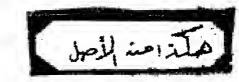
to help fund it. This will take the form of corporate entertainment at Ascot, Henley, Windsor Great Park and perhaps a few more adventurous places. The profits will go to the home, which costs about \$2m a year to run.

Ian Lashbrooke, the appeals director at the Star and Garter,

ity to try to cash in on the. social calendar. Nice to read in the literature that Richmond used to be called Shene - after the German schon. The original site of the home was the model for some of London's more lav-ish hotels. The notel had its swansong in 1898 when Indian princes came to Queen Victo-ria's Diamond Jubilee. It later

went bankrupt.

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f the economic indicators go on like this for many more months I may have to revise my long-standing view that the Libour Party has no chance of wining the next election.

ing the next election.

This observation owes nothing to conomic forecasting, which anyone ho follows it knows is bunk it is so remote from what the few sensitive or call the understand washing a since these do not ing realities, since these do not monapany voters into the booths hen they mark their little crosses. hat it is all about is the perceived onomic competence of the Conser-nives. The last time I looked they ill had the edge on this, but a few fore months of headlines about cord balance of payments deficits ill erode it, and further increases in flation and mortgage rates, whether significant or forced, could destroy it. The Labour leader, Mr Nell Kin-ock, has the balance of payments

ock, has the balance to payments effect imprinted inside his eyelids, wer since the 1987 election he has seen of the opinion that it would tumbe the Tories out of power in the end. run on the pound would contribute lightily to the realisation of this resun. If such a run took place durage the next few months it might give labour what the US President, Mr George Bush, calls the "Big Mo" — the momentum — that it must acquire if it is to maintain its lead own the Conservatives right through most 1991 or 1992.

antil 1991 or 1992.

Alternatively, Labour could be floated into office on a slowly rising sea of high interest and mortgage rates, accompanied by a rate of infla-tion stubbornly two or three points above the 5 per cent level the Conservatives are praying for. Such indica-tors do not always correlate directly with opinion poll ratings and election results. That is hardly surprising. They are factors of the greatest impor-tance, but many other variables play a part in deciding how people vote. Yet the coincidence of the trend-

lines in the accompanying graph is remarkable. The level of poll support for the Conservatives has been indexed and set against a comparable index of the mortgage rate. The fit is ancanny. As the mortgage rate rises, support for the Torics falls, and vice support for the Torics falls, and vice versa. We can all play around with numbers on a personal computer, but such a mirror image is rare. Look at 1985. Look at the long had to recovery in 1987. Now see what is happening in 1989. The Prime Minister has two years until an October 1991 election: anything later mould be called. tion: anything later would be called langing on until the bitter end and urther damage the Tory case. Mrs Thatcher badly needs a resurgence of her Chancellor's good luck before the end of next year, or perhaps a new

Mr Kinnock has to a large extent manufactured his own good luck, by abandoning some of the voter-repelling policies formerly propounded by the Labour Party. Unitateral disarma-ment has been cast aside and the European Community embraced. His achievement must, however, be put in proportion. The reshaping of his party is still incomplete. So far he has made POLITICS TODAY

The magic that Labour needs

By Joe Rogaly

Labour a contender in the event that the Government manages the econ-omy so badly that the swing against it

only so badly that the swing against it is greater than anything recorded in the post-war period. I still find it hard to believe that the Conservatives will he that incompetent.

Even if they are, Mr Kinnock cannot win outright unless enough Tory votes travel directly to Labour without stopping in the centre. This depends partly on Labour and partly on the centre parties. The becessary disintegration of the latter is already taking place. For the wonderful abour. taking place. For the wonderful absur-dities of British politics reached new heights at the recent conferences of the Social and Liberal Democrats, the Greens, the Scottish Nationalists and the rump Social Democrats. The lest of these ended in pure farce on Wednesday as Dr David Owen continned his ludicrous game of stud poker with the two larger parties, daring them to call his bluff when the world knows his hole card is a three of nothing. "If you do what I say, I'll give careful consideration to joining you." he boomed, as Mickey Mouse might to Superman. His endorsement could once have benefited the Labour Party: by 1901 it may be an embarrassment.

What none of these parties or their leaders comprehend is that the British system of choosing governments depends on a method of voting known

as first-past-the-post. They talk about proportional representation sagely enough, but show no segacity in act-ing as if it were already in place, it is not. This means that either Labour or the Conservatives will always win unless the electorate perceives that a third force is strong, united and stands a chance. Such a third force existed before the last general elec-tion. At that time the Alliance seemed set to replace Labour and become the Enropean-style social democratic party that Britain so badly needs.

Since then, for reasons it would be tedious to rehearse, the Alliance has dissolved itself. Where once the cen-

tre parties could aspire to around 30 per cent of the vote and rising, now all the tiddlers taken together, even throwing in the Welsh Nationalists for good measure, account for only 20 per cent or so of stated voting inten-tions. That fifth of the electorate is divided into half a dozen unelectable and mutually antagonistic fragments. The Celtic parties have an obvious

process is competition and

to face successfully the keener competition in the interna-

tional arena, and to be an inte-gral part of the financial envi-

renment which Europe is

building up.
These tendencies would cer

tainly emerge from any accurate in depth and impartial

From Mr J.A. Nightingale. Sir. Nigel Lawson's declara-

tion to the development com-mittee of the IMF and World

mittee of the IMF and World Bank ("Criticism of trade pro-tection," FT September 26) that the Multi Fibre Arrangement (MFA) has imposed "an enor-mous cost on the world econ-omy" and that developing countries have been deoled free access to industrial coun-try markets, appears to conflict with soverment policy

with government policy.

The MFA has brought order

to international trade in tex-

tiles and clothing. It guaran-tees a growing level of access to developed markets, particu-

larly for the poorest supplying countries which would other-wise lose out to the dominant

now under discussion in the GATT round of multilateral

trade negotiations. At the mid-

term review in April, it was clearly established that the future of the MFA must be

linked to progress to strength-

ening the rules and disciplines

of GATT. The Government has committed itself to this

approach. There can be no

question, therefore, of relaxing the MFA until there has been

progress in dealing with dump-ing, export subsidies, and the tariff and non-tariff barriers

Apparel, Emiling & Textiles

which hinder our exports.

J.A. Nightingale,

7 Suralion Place, W1

The future of the MFA is

annivsis.

Piero Barucci,

Textiles

Piazza del Gesti 49,

We are confident that this clearly defined trend will allow the Italian financial structure

The mortgage vote Conservative Party support in 1985-100 Source: Gellup 140 Mortgage rate Source: Helitax Building Society 1968 1967 1986

although under first-past-the-post both would do more for local auton-omy if they worked for a Labour vic-tory than by holding out alone. The Greens can reasonably say that their vision of a world in which industrial development is curbed and population growth is reversed is so different from the programmes of all the other parties that they have to stand aloof, in an aura of born-again virtue.

The Democrats and the Owenites have no such excuses: everything they want could just possibly be had if they wound themselves up and joined the Labour Party, which might win if they did. Dr Owen might pro-test that he is offcring all and sundry a series of deals that would amount to an electoral part, but this is correctly interpreted by his audience as a des-perate call for a lifeline from an expiring party. If he means what he says about PR he should rejoin Labour and

You have to conclude that none of the above, except perhaps the Green Party, is really as horrified by the prospect of another 10 years of Margaret Thatcher as they say they are, To hear them talk at their confercuces Conservative rule is becoming an insufferable burden - in Scotland, to a nation that has decisively rejected the Tories; among Democrats, as a heartless return to a class-based society, to the rump SDP, as a sure road to the destruction of the National Health Service. If all this is true, why are these political midgets fighting one another, not to mention

the only opposition party that could conceivably win next time? The short answer is that Tory Government is not to them the worst thing that could happen to Britain; it is no worse than what they imagine would be delivered by Labour, and, to some in their secret hearts, possibly better. Whether this reasoning applies

to their followers is another matter. Once we are back to two party politics everything depends upon an old seeantisfaction with the Government's economic management. One the other is the inherent mistrust of Labour among the conscience-struck middle-class voters it must attract. Mr Kinclass voters it must altract. Mr Kin-nock has gone some way towards thi-ing that balance more in Labour's direction, and may go further at his party's conference, which begins in Brighton this weekend. Short of an unprecedented catastrophe, such as a high and rising morigage rate for two more years, what he does will almost certainly be insufficient.

I suggested a few weeks ago that what might clinch victory, essuming a season of favourable winds for a season of favourable winds for Labour, would be a commitment to proportional representation. This would leave contro-party voters with no reason to vote for the hits of the former alliance and svery incentive to vote Labour. It would resisture waverers that Labour did not mean to win on a moderate programme and govern on a radical-red one - for if it did it would lose badly in a subsequent election based on PR.

tion based on PR. Support for the validity of this sug-Support for the validity of this suggestion has now appeared in the results of a Mori survey commissioned by the klactoral Reform Society. Just a bout half the population knows "just a little" or more about PR; among these there is a disproportionate number of middle-class, middle-aged and southern voters. They are the voters Labour needs. Mori's figures suggest that if the party embraced PR today it might gain at least a 2% to 3 per cent swing from the Tories, and twice that in the south. The effect after a campaign to south. The effect after a campaign to raise consciousness of the PR lastic would presumably be more pro-nounced, but even at the lower level those few extra points could make the

those few extra points could make the difference between a fourth election defeat for Labour, and, just at the remote edges of possibility, a victory. If the Labour leader concentrates on this proposition he may yet overtule his deputy, Mr Roy Hattensley, and come out for proportional representation. He would also have to overcome some internal doubts. One reason why he is disinclined to accept PR in elections to the House of Commons is that he delieves people would say that he did so from weakness, from a fear that Labour could not win on its own. This is a reason to do it while car that Labour could not win on its own. This is a reason to do it widle Labour is ahead in the polls, as it currently is Another objection might be that he would not want to be accused of responding to Dr Owen's challenge. Since there is already a strong movement to have electoral reform debated in Brighton, that can be brushed saids. be brushed aside

These objections are of small moment when set against the potential recovery of the Conservatives. They know that mortgage rates can-go down as well as up. Thus in spite of the balance of payments figures, the odds against Lebour winning next time are still so long that Mr Kinnock needs every magic ingradient he can assemble. PR is one of them, LOMBARD

Home truths about trade

By Michael Prowse

standards were rising rapidly yet inflation and the balance of

standards were rising trapidity yet inflation and the balance of payments remained under control, in the 1995 Budget, Mr. Nigel Lewson was sufficiently confident to claim that Britain was "now superjencing an aconomic miracle comparable in adminicance to that previously enjoyed by West Germany and etil enjoyed by Japun." It was a heady moment. The sick man of Europe had become the Charles Atlas of the world economy in less than a decede.

Today, the muscleman is isaling unwell. West inflation is comparable to that inharized by the Tories in 1978. Unemployment is far higher and about to resume its rise. The balance of payments, as the August figures confirmed, is in ghastly shape: the current secount deficit is running at an annual rate of 120km or 4 per cent of gross demantic product.

The official line is that this is merely a temporary setback. In Mr Lewson's words, Britain has simply had "too much of a good thing." Consumption, owing to a muddle about monetary policy, was allowed to rise far too quickly. It is leded into imports and resulted in a rapid deterioration of the current account. However, monetary policy has been tightsned. This

account. However, monetary policy has been tightened. This is already curbing domestic demand and will shortly rein

demand and will shortly rain back the trade defict! Meanwhile a host of microeconomic reforms has abarpened the competitive edge of the commonly. Everything remains set fair for the 1960s.

You have to be extremely guilible to availow this comforting story. Britain's trade difficulties have cartainly been measurabled by the communition boom, but they also reflect a long-standing structural weakness — a weakness, moreover, that was exacuthesed by economic mismanagement at the turn of the decade. This problem in a nutabell is that for most of the post-war period, the volume of manufactured imports has risen much faster imports has risen much faster than the volume of manufac-tured exports. A large manu-

THE CONSERVATIVE Party was able to storm to electoral victory in 1987 partly because its claim to have transformed the British economy assemed to ring true. Living the infood and then in fuel. In the early 1960s, ministers

first in food shift then in resident in the serily 1968s, ministers were cock-shoop. The balance of payments constraint on growth seemed to have disappeared. Beltain was turning in hig current account surpluses. Shift have serie mainly a reflection of the sharpness of the 1980-61 recausion, which curbed import demand, and the buoyancy of North Sea oil revenues. The reality was that the high sterling policy of the early 1980s had wiped out nearly 20 per cent of fiction's manufacturing base. The UK communiation manufacturing base. The UK communiation, most of which are untradeable. Yet commerce imports had, if anything, grown. A regid descriptation of the current account was unavoidable. The challenge today is not just to curb demand, via the blunt instrument of higher interest rates but to achieve a reconstruction of the commerciation of the community. blust instrument of higher interest rates but to achieve a restructuring of the economy. The composition of output has to be brought more into line with the composition of demand. Deindustrialisation has to be reversed. Manufacturing industry has to expend much faster than the rust of the economy for a prolonged period. If it does not, any improvement in the trate deficit will be temporary.

But here lies a problem. The Government has resolved that

But here lies a problem. The Government has resolved that the signing exchange rate will be its principal tool for controlling, inflation. Yet the exchange rate exerts its downward pressure on demand via the traded goods sector. Thus the sector which the UK needs to expand will bear the brunt of the anti-inflation policy. Mr Lawson may thus reduce the trade deficit in the short term but only at the expanse of a further deterioration in the UK's long term propects. The further deterioration in the UK's king-term prospects. The only way out of this box is to accept the need for an anti-in-flucion policy which does not rely on the exchange rate. The obvious answer is some ichid of incomes policy. Let's hope the Labour Party is willing to try in 1992.

ETTERS

Italian banking

From Mr Piero Barucci.
Sir, The style of the Italian banks is very much the same as that of all banks operating in the industrialised countries. The same applies to the reac-tion of the hanking system to specific instances of possible

fraudulent behaviour. It seems to me that the Financial Times in several nuicles on the Banca Narienle del Lavoro case, and notably in its editorial of Septem-ber 26 ("Banking, Italian style"), has been too emotional in its judgment. One would have rather expected a more neutral atilitude from your aothoritative newspaper.

In my mind there is no bit-terness, only a full awareness of how risky international and domestic banking has become in today's global market.

A process of change and

EC directives

From Mr Eric H. Dodson.
Sir. In "The good, the bad, the indifferent" (FT September 25), David Buchan argues his case well. He demonstrates the problems made for the EC Commission by the reluctance of some EC member countries to implement the provisions of directives under which they are required to incorporate into their own laws adequate machinery to give effect to

He might also have emphasised a proposition now well established in the English courts, it is that while a direc-tive does not in fixelf impose obligations on the fixelf impose chligations on, or give rights to an individual, the individual may none the less rely upon its provisions even if a member country has not expressly implemented the directive.

It may be envisaged, therefore, that an intropid litizant sued, for example, by a water supplier for its charges might resist the claim by pleading that the supplies were not of the quality required by the relevant directives. An action of this sort would no doubt be a poor substitute for proper implementation, but ndirectly it could bring about he same effect.

Eric H. Dodson. The Knoll 77 Ladythorn Crescent. Bramhail Stockport

Raiders, bids and BAT improvement of the Italian banking and financial system is under way. The core of this

From Ms Christine Large.
Sir. Your leader ("BAT and the raiders." September 27) highlights the industrial and economic absurdity of allowing industry to become a hostage to Junk bond raiders

In the same way that Mr Jacob Rothschild has commended BAT for "doing well at school, there are lessons to be learnt from the US takeover scene and an intimate know-ledge of leveraged hid tactics. Following the example of one US state, changes in segriative thinking may be necessary to level the takeover "playing

analysis. The Italian Banking Association, for its part, will In New Jersey, the law requires a takeover specialist continue to contribute to such who purchases up to 10 per Chairman, Associazione Bancaria Italiana, cent of a company's shares to present a plan to the braid of directors. A purity that acquires more than 10 per cent and does not go to the board is pre-vented from merging or selling any part of the company for a period of five years. The board may also review not only the price of the tender offer, but also the effect the takeover would have on the company's employees, the community in which it is focused and other people with an interest in the

The leveraged bld process requires menitoring so that no single entity in a takenver has an ordain advantage. Government and industry must not arrive the public policy dimension of bids, or the experiences of companies in the US. Christine Large, Chairman and Managing

Davelin. Epigram Associates, New Bushin House 28.30 Lattie Russell Street, WCI

Fire and flood

From Mr F. Sech.
Sir. Horral: for "Observer"
(September 21) for expoung the muckraking perpetrated by the BBC's south east news after the 900 pm main bulletin. Is it really necessary for the BBC continuously to feed us with this type of news? It is not as though one item out of veveral was disaster related Most of the time, all of them are. Surely among the millions who live in the south cast, there must be other news besides accidents, rape. Ere and so on. F. Seely. 20 Hambling Way. Potten End.

From Mr Icor St. Stepenson. Sir, The south east news is pathetic most dems in the bulictin would be spiked by the course of a weekly local newspaper Unfortunately, it takes its colour from the 9.00 pm main news which is equally compounded of "shock hurror"

Berkhamsted.

My family watches the 9.00 pm news in the lingering belief that the HPC maintains a degree of actionary and objec-tivity. Even so, the world is not that had We know, we give in

Ivor D Stevenson, Vine Acres Abrest w Hoos Dominister on Thomas.

IT training

From Mr Roy Tourndner.
Some information technology employers ("IT employers faining to widen recruitment areas," FT September 25) how derivousirated that innovative approaches to IT training can survive the industry's abortage of skilled people The National Computing Centre has estimated that that short age will grow to more than 100,000 by 1988 from more than 20,000 today -HP, Hrulett-Packard, Ft

Group, the Post Office, ICL and a number of other organisa-tions recently started the Women into IT (WIT) cam-

women into it (WII) campaign to chrowing more women in take up carrers in the wotor. WII aims to deepen the pool of it skills.

For real effectiveness, however, employers must also make individual efforts. The technology and expertise is now available to train pouple to a high lessel in a very share to a high level in a very short time, and more cheaply than before. For example, ICL has developed a programme called "flying start" to turn novices into competent computer programmers is just eight weeks. All the effdence shows that companies that take training seriously hold on to staff lonarr and sider less from the salary reliation that job bop-Bing crestok Roy Towndrow.

Hawsoni Birder, Beke



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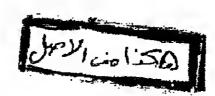
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WAY OF GETTING THINGS DONE





PepsiCo signs Soviet barter deal

By Nancy Dunne in Washington

PEPSICO, the US soft drinks group, is entering an unusual barter deal with the Soviet Union under which it is helping to finance the building of 28 Soviet Pepsi plants and acting as an agent in the sale of new Soviet ships. Mr Donald Kendall, chair-

man of the executive committee of PepsiCo and a pioneer in US-Soviet trade, said the factories would cost more than \$200m and would hring the number of Pepsi plants in the the Soviet Union to 50.

The cost of the plants and bottling equipment would be covered partly by proceeds from the sale of the ships. Mr Kendall said PepsiCo would get

\$254m. "When these new plants are installed, we will be selling more Pepsi-Cola in the Soviet Union than we were selling in the US when I joined the company after the Second World War," he said at an award ceremony from the American Com-mittee on US-Soviet Relations in Washington.

in the past PepsiCo has helped the Soviets to dispose of crulser-frigates and submarines. Mr Kendall said: "The people who got them are happy as hell because they [the Sovi-ets] make very good ships." Mr Kendall was president of Pepsi-Cola's overseas

a percentage of the sales equal operations when he agreed to set up a Pepsi klosk at a US-Soviet exhibition. From that exhibit, the company was given the foreign consumer product franchise in the Soviet

> Mr Nikita Khrushchev, the former Soviet leader, came to the kiosk, he said, and sampled one Pepsi made with US water and one made with Soviet

He said he liked the Soviet product hetter and went on with then Vice President Nixon to another exhibit which became the scene of the famous "kitchen debate." Mr Kendall said he was almost fired for agreeing to the

"Every step along the way
we've had critics saying we
couldn't go any further. . . how would we get our
money out? It can be done if you have the guts to go do it and stick with it."

He said vodka and Pepsi sales had been the "best barometer of political relations between the US and the Soviet Union "Every time something (bad) happens the sales go down I can't wait for President Gorbachev to come hack because after his last trip here our sales took off."

PepsiCo has had a formal trade agreement with the Soviet Union since 1972.

Trade winds from Washington stir fears in the paddy fields

Japanese farmers resist US pressure

By Robert Thomson in Sakata, Japan

IN some of the paddy fields of Sakata, rice harvesting machines cut a path through the mature autumn stalks, draped with hundles of hand-picked plants are monuments to a way of farming that remains unchanged by technology, but is vulnerable to the trade winds from Washington.

The farmers of Sakata, north of Tokyo, are aware that trade negotiations with the US have entered a new phase, under the title of the Structural Impediments Initiative (SII) talks, but their defensive armonry remains much the same: they emphasise the spirituality of rice and that the paddy field is virtually a sacred site.

There are other arguments.

Mr Hiroshi Goto, 33, who has 3.7ha under cultivation, suggests that rice imported from the US would not necessarily be safe: "Because they would have to transport the rice a long way, they would need to fumigate and that would affect

Mr Goto does see a similarity between his plight and that of US workers who have been replaced by imports. But he firmly believes that Japan must be self-sufficient in rice and is convinced that Japanese market is liberalised.

He argues that the US Congress, with the Super 301 punishment provision at the ready, is "attempting to blame the farming sector for all the trade

The basic trade problem is Japan's continuing \$50bn-plus bilateral surplus which is et the centre of the SII talks, due

Bush retains initiative on

budget policy

Continued from Page 1

about being seen to be backing

higher taxes, even for the very

"you'll be voting to give \$25,000

The plan of the Democratic leadership which was defeated

yesterday would have extended the tax relief on individual



Hand harvesting is inefficient, compared with US methods, but the cultural element is important

to be completed by the middle of next year when a promme of structural changes to balance trade will be released. Japanese Government officials see the talks as a last chance before Super 301 is implemented, but fear that little will come of SII and that the rice farmers of Sakata and elsewhere will be a prime tar-get for a frustrated Congress. Mr Masamitsu Sato, president of the local farmers' federation, said that they had 2,000 years of history of producing

However, Mr Sato is no hick, and he criticised the "unfairness of the Uruguay round of Gatt negotiations," an unfair-ness he attributes parily to food exporting countries join-ing forces and parily to Japan having lost the war.

The war, he said, is to blame because "the Uruguay round was mainly initiated by the

countries who won the war and those who joined later have heen treated unfairly." Mr Sato argues that the trend of Gatt decisions favours "farm production export countries more so than the importing countries", a sentiment not shared by the grouping of pro-

ducer countries. Mr Sato and Mr Goto both believe that the ruling Liberal Democratic Party has let farmers down in recent years by ing trade restrictions, and Mr Goto, for the first time, election in July.

The farmers are represented by a well-organised group of co-operatives, whose regional manager of policy and public relations is Mr Ryuya Suzuki. A blunt man, he concedes that, in hard economic terms, Japanese farmers and their hand harvesting are inefficient com-

"the cultural element" is more important. He has an interesting conspiracy theory that the US rice lobby has an infinential voice in US politics because of its links to the more powerful cosmetics industry. He was unable to purpoint the link between the two lobby groups, but remains convinced that "the cosmetics industry is behind it."

While not a fan of the US Congress, Mr Suzuki is more partial to Mrs Margaret Thatcher, the British Prime Minister, who visited Japan

last week.
"I don't think the US is wise
to push the rice issue. I would agree with Mrs Thatcher. She advocates that Japan can con-tribute globally by using its surplus trade funds to solve environmental problems. That is where Japan could play a role. I think Mrs Thatcher was

IMF says lending policy allows economic reforms to proceed

By Stephen Fidler in Washington

Mr MICHEL Camdessus, the managing director of the Inter-national Monetary Fund, yes-terday vigorously defended the need for his institution to lend wealthy, with elections only 13 months away. This wes in spite of an appeal by Mr Rich-ard Gephardt, the Democratic House Majority leader, that to debtor countries while they were in arrears to commercial a year on average to the wealthiest families in America.

The defence of the policy, adopted earlier this year by the Fund, came as the IMF and World Bank annual meetings Don't give in to a threat that there will be a TV ad saying you voted to raise taxes." came to a close, and one day after IMF management agreed a \$1.4bn standby credit for retirements accounts and allowed early withdrawals for financing college education and first-time purchase of a home. In addition, it would have removed the current which the meants and the course t over \$3hn to creditor banks. Before this shift, the Fund would not lend while countries were in arrears to banks, and would only disburse its funds when bank deht packages were assured of completion.

"bubble" whereby once the average tax rate of those pay-Mr Camdessus said the new strategy, which has been strongly criticised by commering the top marginal rate of 33 per cent rises to 28 per cent, the marginal rate drops to 28 cial hanks, was needed to reduce the risk that strong eco-nomic reform programmes might collapse in the long per cent. This ensures that nobody pays an average rate of more than 28 per cent. The change would have raised period before complex negotiaabout \$37.9bn over five years. tions over arrears could be set-

tled. The Fund's actions would thus increase the chance that the arrears to the banks would be settled.

Both Mr Camdessus and Mr Barber Conable, president of the World Bank, praised the economic reform programmes introduced by new govern-ments in both Argentina and Mr Conable said that he was

ready to consider making so-called structural adjustment loans to Argentina again.

Mr Camdessus said he saw no threat to bank financing currently heing arranged for Mexico. Fears have been expressed that banks' general unwillingness to take the option of making new loans - essential to the working of the

deal - would cripple the He said the lesson he drew from the protracted negotia-tions over the Mexico accord was that "you have to watch the actions of bankers, more than listen to their words. I'm reasonably certain that they'll

support the programme because it's in their own inter-

In his closing remarks, Mr Camdessus returned to what he called the "silent revolu-tion" in economic ideas. The adoption of sound fiscal and monetary policies, the giving of greater scope to market forces, and reducing the role of governments.
"Why are more countries

adopting this approach? Because it has worked. And because the alternatives have not worked."

in other developments, Mr Conable said the World Bank had made no decision on a resumption of lending to China, suspended after the massacres in Peking. A forthcoming conference in

China on a new three-year eco-nomic plan would give some indication of whether the government intended to continue in a liberalisation of the econ-

omy. IMF background, Page 3; Loans to China, Page 4

Marcos dies exiled in Honolulu after long illness

By Greg Hutchinson

FERDINAND MARCOS, who was brought down by popular revolt in 1986 after more than two decades as the increasingly despotic and corrupt President of the Philippines, died in hospital in Honolulu,

died in hospital in Honolulu, Hawaii, yesterday. He was 72. He had been in hospital for most of this year, often comatose and supported by a hattery of machines to try to comhat lung, heart, liver and kidney allments.

Yesterday morning he suffered an irreversible cardiac arrest. His son, Ferdinand Jr, and his wife, Imelda, were at his bedeide.

his bedside.

Mr Marcos, a staunch antiCommunist, had the backing of
successive US administrations throughout his rule.

President George Bush said
he was saddened by the death

of Mr Marcos, a man he once hailed as "a champion of

hailed as "a champion of democracy."

President Corazon Aquino of the Philippines refused to grant Mr Marcos's dying wish to be buried in his home province of flocos Norte.

She said the security risk of people using the hurial as a pretext to cause trouble was too great.

too great. There was irony in the forum used by Mrs Aquino to announce Mr Marcos's death a birthday celebration for the Philippines' oldest surviv-ing President, Mr Diosdado

Mr Macapagal lost ont to Ferdinand Marcos in the 1965 elections which became the springboard for his 20-year

springulard for his 2d-year rule.

She was speaking after a lengthy blackout in the Philippines capital, Manila, where the archaic electrical grid system, crippled in part by Mr Marcos's diversion of large amounts of infrastructural investment funds to his own family's personal use, had family's personal use, had failed hours before the death of

the former President.
An emotional Mrs Aquino pointedly praised Mr Macapagal for "not enriching himself in office and not interfering with the economy." He was, she said, "too good to be noto-rious. He showed humility at the height of power."

Mrs Aquino has been bitterly critical of Mr and Mrs Marcos for plundering the nation for

personal gain.

She also held Mr Marcos responsible for the death of her husband, Benigno, an opposition leader who was shot dead as he stepped from a aircraft at Manila Airport on his return from exile in 1983.

In her comments however

In her comments, however, except from the question of the hurial request, she appeared magnanimous, saying she recognised the pain being feit by the Marcos family: "For I and my children know the pain of such a loss." Her comments followed a

pattern which has previously infuriated her enemies. Her 3½ years in power, surviving against the olds and against most pundits' predictions, have been strewn with enemies forgiven: Senator Juan Ponce Enrile, the former Defence Minister, and Vice President Salvador Laurel, now the salvador Laurei, now the leader of the main Opposition, are the most notable. Estimates of the amount of state funds stolen by Mr Marcos range up to \$10bn, the whereabonts of most of it remaining a mystery.

Last night the US State Department said the Federal

Department said the Federal Aviation Administration had issued an order hanning American aircraft from taking the body of Mr Marchs back to his

homeland.
The US authorities indicted Mr Marcos in 1968 in a racke-teering case that included ini-tial charges that he had embezzled more than \$100m from the Philippines Government and used the money to buy three buildings in Manahattan. Mr Marcos had been too ill to attend court but his wife is on bail of \$5m following an appearance in New York

Obituary, Page 4

Poland launches zloty devaluation

WORLD WEATHER

Continued from Page 1 Mr Jozef Slisz the Solidarity Farmers leader told the OKP within the Government on

meeting that further increases of this kind could mean that "in a few days time a thousand farmers will come here to the parliament building and turn us all out." Mr Balcerowicz and his eco-

nomic team face some hard talks with Mr Tadeusz Mazowiecki, the Prime Minister, to convince him to back speedy action on the tough policies they see as necessary.

The fnel price rises have

who gave the go shead for the decision and have lost Mr Mazowiecki some popularity. Elsewhere, prescription charges were raised a few days ago - but the rise was rescinded within hours at the

insistence of Mr Mazowiecki –

underlining the Government's sensitivity to public response to its actions. Mr Dabrowski said, however, that prices of medicines would have to be raised as The fnel price rises have people were paying only about already led to argument. 12 per cent of their real cost.

Solidarity senator meanwhile warned the Government that its conversion to liberal economics had made policymakers forget that a certain measure of interventicalism by the state was essential—as were some price controled. some price controls

Mr Modzelewski vent on to predict that the pditical dif-ferences now emerging within the group of Solidarity parlia-mentary deputies mide almost inevitable a future split into separate left and right wing parties.

Too few marks for the markets

The equity market has taken its time waking up to the threat of a sterling crisis, but yesterday made up for it in style. In its 40-point plunge, the FT-SE swept through 2,300 with scarcely an neward glance. The trigger was starling's fall to Dm 3.02 which the markets have fixed on as the danger signal for a base rate increase. But if equities now assume that 15 per cent is inevitable, they are ahead of the

game; money market rates, up only slightly yesterday, are still below 14% per cent. For each part of the puzzle, the outlook is highly confused. The fight over sterling is greatly complicated by cross-fire from the G7 over the dollar. The equity market faces a tricky technical situation today as the FT-SE futures and options expire on the last day of the quarter. For Mr Lawson, the immediate worry must be that the currency traders will assume his hands are tied in the conference season — Labour next week, Tory the week after — and push sterling

down as a one-way bet.

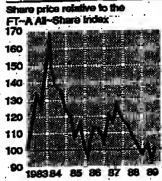
But it looks a safe assumption that sterling cannot be allowed to move decisively below Dm 3.00. The Bank of England will doubless intervene as heavily today as it did yesterday, while presumably still hampered by its G7 obliga-tion not to sell D-marks

directly.

Bot if base rates go up regardless — and that is not quite certain yet — it is unclear how equities will react.

The market has grasped the immediate threat, but may not have thought out the possible consequences for the real econconsequences for the real econ-omy. The optimist would argue that the market had similar setbacks last August and December on unforeseen base rate rises and survived. Indeed, a correction to 2,250 is no more than was foreseeable when the FT-SE went through 2,400. But whether the market will feel so philosophical if it gets there is another matter.

United Newspapers Remember how the UK newspaper industry was mov-ing out of Fleet Street, breaking the unions, introducing new technology and entering a land flowing with milk and profits? It has not worked quite so smoothly as that, as yester-day's figures from United Newspapers attest. United has doubled its capital expenditure in each of the last five years, but has yet to see the benefit United Newspapers re price relative to the FT-A All-Share Index



on the bottom line. This is partly because money saved has to be devoted to promotional expenditure in an attempt to sustain circulation. on its national newspapers. At on its national newspapers. At the same time, the intense competition among titles and the squeeze on consumer expenditure mean that advertising rates have declined and that volumes may follow. Despite a slight recent

upturn in circulation, the three national titles all look in weak strategic positions in their markets, with the Star battling against the Sun and the Mirror, the Express up against the Mail and Today and the Sunday Express facing attacks on virtually all fronts. The UK business and consumer magazines, like the nationals, are vulnerable to a downturn in advertising. And Extel is suf-fering from the low volumes in-

the financial markets. There are brighter spots; regional newspapers are performing well, helped by the Northern geographical bias, and the US magazines provide some protection from the UK's economic problems. But earnings per share are likely to fall this year and the shares are overvalued on fundamental grounds on a p/e of 14. While Conrad Black keeps huying, however, fundamental valua-tions will not matter.

Building Materials Something stands out from the £104m of interim pre-tax profits from Redland: the fur-ther proof of the resilience of the hulding materials sector's four largest players, even in UK interest rates. In Redland's case, the optimistic case seems especially easy to make. In 1990, profits from British aggregates may not match the 40 per cent rise in 1988's first half, but will still be strong; and given its world-wide spread, the group takes in any case only 15 per cent of its profits from UK housing. But for the sector as a whole, half-year figures have been gener-ally better-than-expected, with optimism about ready-mix con-crete in the UK, and a more general buoyancy in the likes

of West Germany.

The niggle is that the stock market may already have market may already have taken such arguments fully on board. The four heavies - Tarmac, Rediand, RMC and Blue Circle - have stood up perhaps just a little too well; the real mauling has been for the likes of Marley. While the FTSE Index has lost 96 points this month, the share prices of all four have remained within a few pence either way of their few pence either way of their

August 31 value.

To reach a fool-proof case for bnying building materials shares at this level, one must look a little harder, perhaps at the understated balance sheet values of some of the companies. Tarmac is already doing the job itself, with e revalua-tion of its mineral reserves. At end 1989, with net deht of about £360m, Redland's gearing could be about 45 per cent, but the ratio is almost void of meaning, given that the stated shareholders' funds reflect only a fraction of such assets as Redland's huge Mountsorrel quarry in Leicestershire.

Brewing

There is a distinct feeling that the UK brewing industry is clearing the decks for action. Scottish & Newcastle's sale of its hotels presumably means it is in the market for more brewing capacity, possibly even Grand Metropolitan's. Boddington's sale of its breweries may set a model for other regional brewers in getting out of an industry which faces a competitive future. It also raises the intriguing question of why Whitbread, previously disposed to present itself as a retailer, is going further into brewing. Perhaps it is following Grand-Met's example in the betting industry and filling out its portfolio before selling it on. All this presupposes that the industry is not counting on the continuation of the tie. The EC investigation continues, and quash than Lord Young. But in any case, the industry has been obliged by the Monopolies Commission to take an unwontedly hard look at itself. It no longer needs officialdom

There's always been money in bricks and mortar.

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This week The Economist looks at "The Great Property Grab" and asks, are Wall Street's bankers and Britain's big surveyors set on a collision course?

And is the writing finally on the wall for The surveyors?





FINANCIAL TIMES COMPANIES & MARKETS

Friday September 29 1989



INSIDE

Michelin throws down the gauntlet



On the surface, Mich-elin's \$1.5bn takeover of Uniroyal Goodrich of the US, to be completed by early next year, marks the final stage of a world tyre industry rationalisa-tion which has left more than 80 per cent of total sales in the hands of ust six producers. Yet the acquisition, which has made Michella the

world's largest tyre maker, is unlikely to allow the \$45bn a year industry to settle more com-fortably into a new world order, Page 22

Looking to a brighter future

The short history of Lowndes Queensway, formed after a leveraged takeover in August last year of Harris Queensway, has not been happy. Mr Eddle Dayan, chief executive of the furniture and carpet retailer, admits the business was in worse shape than expected. And when high Interest rates cut house sales, Lowndes Queensway was driven into a refinan-cing, involving a rights issue. But Mr Dayan has remained optimistic throughout. Page 27

Geest shrugs off setback



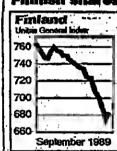
Geest, the fresh produce and prepared foods group which is best known for its banana shrugged off a poor per-formance by its food preparation side to report pre-tax profits of £11.3m (\$18.08m) in the six months to July 1, from £9.15m in last year's period. The com-

pany, under chairman Charles Bystram (left), has now ceased production of low-margin uncoated and conven-tionally coated fish fillets, and on recipe dishes. Page 28

Waging war on bacteria

It takes nervs to introduce a new pate on to the supermarket shelves these days. But with lis-teria-in-pate scares well in mind, Marks and Spencer is in the middle of trials for a new variety — chicken liver and bacon. The retailer has fioned the production of prepared dishes to minimise risk, employing 120 qualified food technologists to work with suppliers to develop a product, before scaling it up to mass-produc-tion levels. Page 31

Finnish shares in a spin



After years of sustained growth, the deterioration has slowed trading at the Helsinki stock share prices into a September nose-dive. The market'a predicament has not been sased by embarrassing revelations in the politico-economic arena. Page 46

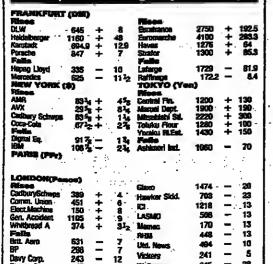
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25 SAS 26 Sega Group 30 Seafield 28 Sheraton Securities 25 Simon Engineering 20 Singer & Friedlander 26 Swiss Re 27 Swissalr 28 TV-arr 28 Thorpe (FW) 28 Time Products 39 Tyndall Holdings 30 UCB Group 27 Uniroyal Goodrich 25 Vickers 20 Whatman Rve Angel 26 Wolstenholme Rink

Chief price changes yesterday



= 7

Kyocera gains European base after AVX deal

KYOCERA, the leading Japanese industrial ceramics and electronics group, is acquiring its first European manufacturing base through the acquisition of AVX, a US-based maker of electronic

Mr Kazuo Inamori, Kyocera's founder and chairman, said in New York yesterday that the purchase of AVX, for about \$420m, would allow the Japanese group "to convert from Japanese exports to local supply."

He added that with Japanese consumer electronics converting the supply.

consumer electronics companies bolstering ontput in Europs ahead of 1992, it was important for Kyocera to be close to supply

components,
About 25 per cent of AVX's
8,000 employees work in Europe,
of whom 1,100 are in Coleraine and Larne, Northern Ireland, 500 in Paignton, England, and a fur-ther 400 in West Germany and France. It also has overseas plants in Hong Kong, Singapore, El Salvador and Mexico.

Mr Marshall Butler, AVX chairman, said that adding Kyocera products to its own man-ufacturing range would hring "tremendous growth for AVX."
"I think this is highly significant for Europe and the way peo-

ple will handle 1992."

Inamori for about 30 years and co-operated with Kyocera in the past, first approached the Japa-nese company about a joint venture in Europe. Mr Inamori suggested closer collaboration through a takeover. Mr Butler will join the Kyocera board. Under the definitive merger

agreement announced yesterday, each AVX common share will be exchanged for 0.39 of a Kyocera American depository share listed on the Nsw York Stock Exchange Each ADS represents two Kyocera common shares.
At yesterday's mid-session prices the offer is worth \$31.45 per AVX share, prompting a \$7% jump in its price to \$29%. The deal is subject to shareholder

Both companies believe this is the first time a Jspanese com-pany has paid for a US company in stock rather than cash, making it a tax-free transaction for

AVX shareholders.
Mr Inamori said: We want an equal partnership with AVX and a stock swap was a more appro-priate way to develop this new kind of relationship." AVX will retain its name and management.

AVX is the largest US maker of multilayer ceramic capacitors, le will handle 1992."

Used primarily to slow and store Mr Butler, who has known Mr electricity in integrated circuits.

Fiat advances 27.5% to first-half record

By John Wyles in Rome

THE STRENGTH of European car markets has again propelled Italy's Fiat group to record first-half profits, with a 27.5 per cent rise in consolidated pre-tax earn-

ings to 1.2.807bn (\$2bn).

Group sales were 19.5 per cent higher in the half compared with last year's period, reaching 1.27,107bn. The company's report, approved for the first time by a board meeting held in New York, confirmed the group was on tar-get for total revenues this year of out L52,000bn

Fiat pointed ont that the results reflected for the first time the full consolidation of Fidis, its financial services subsidiary, together with the 51 per cent of Cogefar, the civil construction company acquired earlier this year, and the sale of Fila, a Snia BpD subsidiary.

On a strictly comparable basis, six-month sales were 14.5 per cent higher than a year ago.

The L605bn rise in pre-tax profits yielded an earnings to sales ratio of 10.4 per cent, compared with 9.7 per; cent in the first half of 1988 and 8.3 per cent in 1987. Investments rose by L195bn to II,367bn and should reach IA,000hm in the full year. Research and development costs were L100bn higher at L820bn. Fiat's financial position strengthened further with a cash surplus totalling 12,556m. This

was L200bn higher than at the end of last December. The company attributed the increase to the high rate of self-financing generated by income from its industrial activities. Net capital at the end of June was Li4,95lbn, more than Li400bn higher than at the end of December.

Passenger car revennes rose 13.9 per cent to L15,358bn, a smaller proportion of total sales than for many years because of the Cogefar acquisition. Stark, but very different, choices are starting to be made by Britain's brewers in a year when external scrutiny by the Monopolies and Mergers Commission has forced the industry into a rare period of introspection

First signs of how fundamental this sea-change will be came yes-terday. Boddington, s brewer of real ale in Britain for 136 years,

The price is £50.7m and Boddington is making the sale in order to concentrate on developing its other interests, including its chain of public houses, hotels

Mr Alick Rankin, S & N's chairman, said shareholders would benefit from the switch into higher yielding strategic investments in the brewing or leisure industry.
"We are obviously a very major

candidate for a strong expansion in hrewing," said Mr Rankin, offering a strong hint that his company was in the market for

post-MMC - marketplace, even though each seems to have a dif-ferent assessment of where the greatest opportunities lie .

Secretary, backed away from radical proposals put forward by the MMC itself which would have put a 2,000 ceiling on the number of puls any brewer could own.
Faced by widespread opposi-tion by brewers, large and small, Lord Young backed down on this proposal, and several others. Big

This self-investigation, com-hined with the opportunities that will be thrown up in the market-place by the MMC's proposals, due to be implemented by the Government over the next faw months, are forcing a change that over the next decade will transform the face of the British brewing and public house retail-

announced that it is selling the business and portfolio of hrands, including Boddington's, to Whit-bread, Britain's third largest

and nursing homes.

A second announcement yesterday, by Scottish & Newcastle Breweries, one of Britain's six hig brewers, came as less of a sur-prise to the City, but again pointed to a stronger focus in the brewing and leisure industry. In sharp contrast to Boddington's strategic move, S & N is selling its Thistle Hotel chain, which has been on the market for some months, to Mount Charlotte, the hotel group, in a deal worth

Both Boddington and S & N insist that the MMC report has not forced these sales, But, neither of them dispute the fact that the exhaustive MMC investiga-tion, which demanded a host of answers from Britain's brewers on their profit streams, pressured them to re examine their operat-

ing divisions.

More pertinent to today's market conditions, Boddington, Whitbread and S & N all believe that these deals leave them better equipped to exploit those opportunities that will develop in the The MMC proposals, as finally

adopted in August hy Lord Young, then Trade and Industry

Britain's brewers opt for a narrower path

Lisa Wood on changes that will transform the brewing and public house retailing sector over the next decade

hrewers, which claim that the MMC failed to recognise that profits were at the retail end, not in brewing, had threatened to sell their breweries and keep their pubs and so exempt themselves from the proposals.

This was because the MMC proposals only applied to brewers, not retailers. ers, not recallers.

Lord Young offered a compromise package - the draft orders for which are at present laid before Parliament.

that is to allow the publican-ten-

The aim is to stimulate compe-

n addition brewers owning more than 2,000 pubs must allow their tied outlets to sell to be continuing inexorably.

Boddington would sppear at first sight to be ideally placed to be a beneficiary of this so-called

as head of Boddington when the last "family" chairman retired in 1988, said yesterday that his company did not have the network, or the muscle, to exploit the Bod-

The plans include ordering brewers owning more than 2,000 pubs to release the tie on half the outlets in excess of that number. ants to buy beer from any

tition in those outlets released from the tie, with publicans free to take other brewers' beers.

one dranght-conditioned beer, supplied by someone else. This idea to bei smaller regional brewers who have been suffering because their brands tend to be ales, rather than the lagers which now command more than half of the beer market and whose growth seems

"guest" beer provision. However, Mr Denis Cassidy, who took over

dington's brand. A strategic review, started last

year, identified the long-term decline in ale demand and the problems of Boddington's under utilised brewing capacity. "It is not feasible," said Mr Cassidy, "to buy market share and so we decided to withdraw from brew-

It is a decision which most of Britain's smaller regional brew-ers are all facing, for the post-MMC trading environment will be strongly competitive and com-panies may have to accept narrower margins and increased advertising costs if they want to get their real ale brands into pubs they do not own.

Whitbread's acquisition of Boddington's brewing interests points to one solution, which is that some smaller brewers will concentrate on their retailing and sell off their brewing assets - in this case to one of the

Whitbread, with 6,500 pubs and national distribution for its brands, is well placed to exploit the Boddington brand in a marketplace where real ale brands will now have an opportunity to penetrate the thousands of new outlets opened up to them by both the "guest" beer provision and the freeing of the

Mr Peter Jarvis, Whitbresd's managing director, said yester-day: "The Boddington's brand makes us better able to sell in the free trade which will be s growing part of the market. Boddington is a very good brand."

& N, like Whithread, intends to increase its market share of the beer market. The decision to shandon the hotel market — at a time when other brewers like Bass are increasing their hotel portfolio was driven partly by S & N's desire to defend itself from the threat of a takeover by realising Thistle's asset values.

But, in selling the hotels, S & N which was the takeover target last year of Elders IXL, the Australian brewer of Foster's lager is signalling its intention to focus more tightly on brewing and other leisure activities, such as Center Parcs, which it gained control of this year.

Mr Rankin of S & N, the brewing business which has around 10

per cent of the British industry's capacity, said be wanted to make 'quantum leaps" in the British brewing industry. "And that probably means deals."

These words, the action's yes-terday by Boddington and S & N and expectations that Grand Metropolitian's brewing operations may also shortly be up for sale, underscore just how far reaching the changes in the British brewing industry are likely to be.

Merck and Du Pont in drugs pact

By James Buchan in New York

MERCK, the world's largest pharmaceuticals company, and Du Pont, the big chemicals group, yesterday announced a far-reaching agreement to work together on a new class of drugs to treat high blood pressure and

Under the deal Merck will assume the lead in developing and marketing a set of new com-pounds which Du Pont has dis-covered. The compounds appear to be effective in early trials against hypertension.
In return, Merck is giving Du
Pont rights to what could be hundreds of millions of dollars in

move unprecedented in the drug industry's recent history. Yesterday's announcement took the US drug industry and Wall Street by surprise. Analysis said they had not known Du Pont, which derived little more

than 1 per cent of its \$33bn in

sales from its prescription drug business last year, had such a marketable pharmscenticals technology.

Mr Samuel Isaly, a pharmaceuticals analyst at Mehta & Isaly in

New York, said: "It's a great surprise to me that Du Pont has got something that the best company in the world thinks is valuable." The industry was also sur-prised that Merck would pay so much for access to the heart-drug

In return for the agreement, Merck is giving Du Pont exclu-sive rights in North America to sell its important drog for treating Parkinson's disease and joint rights over a hypertension drug. Combined annual sales are more

than \$100m.
Mr John Doorley, of Merck, said: "We don't know of any other company that has given up major established drugs liks

The new research compounds, called AII receptor antagonists, appear to work hy blocking the first step in the action of a hor-mone - angiotensin II - which is a factor in most cases of high

blood pressure.

Merck, which is already the
world leader in hypertension drugs, plans to spend shout \$750m this year on research and dsvelopment and has a large marketing force selling its drugs

marketing force saling its drugs to doctors and hospitals.

Mr Roger Morris, a spokesman for Du Pont, said: "With their help we should get these drugs to market a couple of years faster and then enjoy a bigger market at the end."

But the writer is high Merek is

But the price is high. Merck is giving Du Pont exclusive North American rights from next year to Sinemet, the Parkinson's disease drug, and marketing rights to Vaseretic, a hypertension

Static profits at Utd Newspapers

LORD STEVENS' United

LORD STEVENS' United Newspapers, publishers of the Daily and Sunday Express and the Daily Star, yesterday unveiled only a marginal improvement in profits for the half year to June 30.

The performance, which disappointed some City analysts, came amid increasing epecnistion about the motives of Mr Conrad Black, chairman of the Daily Telegraph, who has amassed an 8 per cent stake in United, which also publishes magazines and regional newspapers.

regional newspapers.
United said s 9 psr cent increase in trading profits was primarily s reflection of strong advertising revenues.

Pre-tax profits for the first six months of the year rose to \$54.5m. months of the year rose to 254.5m (\$87m), compared with last year's interim figure of £53.6m. Interest charges at midway were sharply higher at 26.7m (£2.7m).
"Dull, dull, dull," was the com-

ment yesterday of Mr Derek Ter-rington, publishing analyst at stockbrokers Philips and Drew. He had been expecting pre-tax profits of around £56m.

He had been expecting pre-tax profits of around £56m.

Express Newspapers had completed its move to its new head quarters and was ahead of schedule in moving all its national titles to new colour offset presses, the company reported.

Circulations of Express Group newspapers remained below last year's level the company said yesterday, adding that latterly "the two dailies have shown consistent month-on-month improvements for June, July and August and the trend is expected to continue in September."

Although many analysts believe United is at a vulnerable point in its history — debts arising from new technology and redundanties total £300m and will not be cleared off until 1993, even if no further myestments

are made - senior executives are more phlegmatic. The share price, down from 504p to 494p yesterday, probably already carries a 20 per cent premium because of bid hopes. Lord Stevens yesterday repeated and emphasised his January conversations with Mr

Then Mr Black suggested that United was one of the most undervalued media empires and asked if Lord Stevens had any objections to him buying shares. Lord Stevens' answer was

The United chairman made it clear yesterday that as far as he was concerned nothing bad

altered that situation. United earnings per share for the six months were 18.9p, com-pared with 18.5p last year, and an interim dividend of 7.5p has been declared. Lex, Page 18

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INTERNATIONAL COMPANIES AND FINANCE

Fiat launches formal bid for Enasa

By Tom Burns in Madrid

SENIOR EXECUTIVES OF ltalian auto manufacturer Fiat and of its truck subsidiary lveco yesterday made a formal bid in Madrid for the acquisition of Enasa, the Spanish state-owned bus and lorry producer, Spanish officials said.

Fiat is a late entrant in a competitive field seeking to buy Enasa, a company that recently returned to profitability after a considerable injection of public money and which markets its products under the trademark of Pegaso. The Italian auto giant joins Volvo of Sweden, the Dutch company DAF and West Germany's MAN, which all sigbefore the summer when INI, the state-holding company, made it known it was willing to privatise the company. Mr Claudio Aranzadi, the

Industry Minister yesterday confirmed that all four compa-nies were now in the running for the acquisition. Mr Aran-zadi, who met with Volvo officials on Tuesday, said that conversations with the different bidders were "proceeding rap-idly" and that a decision on Enasa's sale could be expected

He did not disclose details of the hids but he did indicate that the Spanish Government would favonr a company which, in addition to purchasing Enasa and securing ite future, was willing to explore "the possibilities of further cooperation with INL

Enesa, which was once linked to International Harvester and is now wholly owned by INI, was created with a majority state capital in 1946 and is the sole remaining auto sector company on the public holding's books. INI sold its car producer Seat

to Volkswagen in 1983 and tried hard, and fruitlessly, that year to interest other groups, specifically General Motors and Toyota, in the acquisition of Enasa.

Over the past six years iary of Enasa has turned itself into a group.

far more attractive option following drastic cost-cutting, an aggreseive export policy and major technological improve-

After sustaining consistent losses since the mid 1970s, it reduced its operating deficit last year to Pta5.5bn (\$46m) from a Pta12bn ehortfall in 1987, and it expects to post a profit this year of Pta1bn.

The Spanish Government believes that Enasa, which reported first-half revenues this month of Pta65bn, compared Ptall6bn for the whole of 1988, can only be assured of long term viability as a subsidiary of a large multinational

Arbed set to end 10-year dividend famine

By Lucy Kellaway in Brussels

ARBED, the Luxembourg steel producer, yesterday announced a six fold increase in net prof-its for the first half of 1989, and said that by the end of the year it would be ready to pay its first dividend for 10 years.

As a result of exceptionally strong steel demand and gains in productivity, profits from

the parent company increased from LFr635m to LFr3.5bn that the figure for the year would be more than LF16bn,

of Consolidated Gold Fields, the diversified UK mining

group, has been made redundant by the Hanson group, which won control in August after a \$2.5bn bid (\$4bn).

The move has broken up and

dispersed one of the mining world's most authoritative

technical and research teams,

particularly experienced in the

However, Mr Martin Taylor,

vice-chairman of Hanson, the industrial conglomerate, said yesterday this did not imply

his group was not interested in

the gold operations it had acquired or that it would

He suggested there was con-

siderable expertise in the oper-

quickly sell them.

New Jasue

gold busine

Gold Fields head office

staff fired by Hanson

By Kenneth Gooding, Mining Correspondent

compared with LFr2.3bn for

1988. Mr Pierre Everard, the commercial director, yesterday gave a fairly cautious account of the prospects for the steel market, noting that demand was fiattening and that prod-uct prices for the year might not sustain the levels of the first half. Despite the fact that what had been a sellers market was about to become a buyers market, 1990 would nevether-

reduced the number of employ-ees by about 20 to 86. Mr Taylor said the remain-

Earlier this week the European Commission estimated that demand for steel in Europe during the third quar-ter was at its highest for a decade, and that some further, although lesser, growth could be expected for the rest of the

Net profits from the Arbed group as a whole were expec-ted to be at least LFr2bn more than last year's LFr6.3bn. The increase for the group as a whole was less pronounced

than for the parent company largely because of additional tax to be payed by the Belgian subsidiary, the company said. Interim consolidated profits, which were not dislosed last year, were estimated at LFr5.1bn.

The figures were better than the market had been expecting, and the shares, which have risen continuously from about LFr1,000 at the beginning of 1988, yesterday rose another

First-half profits at UCB show 57% improvement

By Tim Dickson in Brussels

UCB GROUP, the major THE ENTIRE bead office staff ating companies within the Gold Fields group.
Gold Fields itself started a has increased first-half profits in 1989 by 57 per cent to voluntary redundancy programme among headquarters staff during the first, unsuccessful, bid by Minorco, the South African-controlled investment group. This BFr1.06bn (\$26.8m) on sales 17 per cent higher at BFr20.76hn. The good figures were attri-

buted to "the excellent performances achieved by the pharmaceutical sector and the chemical sector." though as forecast earlier in the year, the results of the film sector were

der had been given notice after the enccessful Hanson offer because "we had two manage-'less good." UCB's share price has been a ment staffs and we only need one." The only senior Gold Fields' manager offered a role strong feature of the Brussels Bourse in the last few days, closing last night at BFr15,850 by Hanson appears to be Mr Rudolph Agnew, chairman, who is expected shortly to join or 15 per cent above the level of a week ago. Asked to com-ment on suggestions that a the Hanson board as a non-expredator was stalking the comecutive director. pany, Mr Georges Jacobs, execntive committee chairman, rejected all "rumours concern-ing the capital of UCB."

The company'e statement pointed out that the first-half

figures exclude Pabeltec - in which UCB recently bought a 97 per cent stake from Société Générale de Belgique and Feld-müble of West Germany — as well as the costs of restructur-

ing UCB's Ghent films site.
On the pharmaceutical side
the anti-allergy drug Zyrtec "has had an increasing success right across Europe." Else-where, UCB says it has taken "a predominant role" in the management of Radcure Spe-cialties, following the sale by RTZ of its shareholding in this joint venture to Rhône-Pou-lenc.

Braniff again seeks court protection

By Roderick Oram in New York

BRANIFF, the US airline, sought the protection of the bankruptcy courts yesterday for the second time in seven

years, hurt once again by financial problems from expanding too quickly.

During its reorganisation under Chapter 11 of the bankruptcy code, it hopes to continue to use 12 of its aircraft to serve 11 cities including time to use 12 or its aircraft to serve 11 cities including New York and Los Angeles from its hubs in Kansas City and Orlando, Florida.

It also said it hopes to continue to take delivery of Airbus A-820 airliners from Guinness Poor Aviation because it.

ness Peat Aviation because it needs to lower its operating costs by using more modern

Analysts said the airline Analysts said the airline was suffering from a cash shortage because of the costs of training crews for the Airbus aircraft it has begun to bring into service. It had also increased its cost base by adding more flights and cities to its routes when traffic was showing a seasonal slowdown.

Mr William McGee, president, said Braniff's efforts to

Mr William McGee, president, said Bramiff's efforts to build up its operations had been impeded by its competitive disadvantage compared with major carriers.

Braniff had come close to solving the cash crisis through a \$25m sale and lease of always with GPA and \$25m of

aircraft with GPA and \$25m of bridge financing through Drexel Burnham Lambert. But the deals were contingent on each other and Drexel had failed to come through with

the money, a corporate finance expert said.

For the half-year to end-July, Braniff reported a deficit of \$42.8m against a loss of \$3.6m a year earlier.
Braniff had filed for bank-

ruptcy in 1982, the first victim of airline deregulation in the US. It was bought by Mr Jay Pritzker, the Chicago investor, who brought it back into service in 1984.

Its ownership changed again last year when it was bought for \$106m by group of investors organised by Paine Webber, the Wall Street firm, and led by Mr Jeffrey Chodorow, a Philadelphia investor. raptcy in 1982, the first victim

Earnings gain forecast by Adia Inspectorate group

Shareholders' meetings on November 28 for Inspectorate

and November 29 for Adia are

expected to approve the merger. Adia will then split its bearer chares, par vaine SFr200, into two new bearer

shares each with SFr100 nomi-

anies can have a selected shares, and value.

All Adia's registered shares, par value SFr100, will be converted into bearer shares of the same par value. Adia will next double its share capital by a

one-for-one subscription right to existing shareholders at par

- SFr100 per share, SFr20 per participation certificate. In a second capital increase Adia will create, without sub-scription rights for its existing

shareholders, the new stock to be exchanged for Inspectorate

By William Dullforce in Geneva

ADIA, the Swiss temporary employment agency, and Inspectorate International, the Swiss inspection services company, yesterday announced a schedule for their exchange of shares and forecast 1989 consolidated net earnings of SFr240m-SFr255m (\$147m-\$1550) on a SF-5 ghm SF-5 ghm \$156m) on a SFr5.6bn-SFr5.8bn

net of SFr109m.

net of SFr109m.

Both companies announced pre-merger dividends. Adia proposes to pay its shareholders SFr110 per bearer share, SFr55 per registered share and SFr11 per participation certificate for the fiscal year ending June 30. This is equivalent to a 22 per cent increase over 1987. Inspectorate proposes to pay an extraordinary distribution of SFr14 per share and SFr280

of SFr14 per share and SFr280 per participation certificate for the period np to July 1, in order to take account of the shift in the fiscal year that will shares and participation certifi-Finally, holders of Adia and Inspectorate shares, as well as holders of inspectorate participation certificates, will physically exchange their shares result from the merger.

Adia SA, holding company

and certificates for new stock for the new group, will operate like the existing Adia holding company to a fiscal year ending June, although consolidated accounts will be published for the calendar year. in Adia SA. Closing prices on the Geneva stock exchange on Wednesday were SFr8960 for the Adia

bearer shares and SF12,230 for the Inspectorate bearer. Total share and participation certificate capital after the merger will amount to SF1225.9m but Adia will have departed from usual Swiss practice by issuing one class of

bearer share with equal voting rights.
Thus, the merged group is abandoning the usual Swiss corporate defence against takeover. Omni Holding, the parent company for the busines interest of Mr Werner Rey, will have a 25 per cent stake while

est of Mr Werner Rey, will have a 25 per cent stake while Board members and management will hold 11 per cent.

After the sale of Inspectorate's majority stake in Harpener, the West German property company, Adia SA, one of the world's largest services groups, will start life with at least SFribn in liquid holdings. It plans to use part of this to expand in its core businesses of temporary employment, of temporary employment, inspection and security ser-

Swiss Re raises payouts after advance of 23.4%

By William Dullforce

SWISS REINSURANCE, the world'e second largest reinsur-ance group, yesterday posted a 23.4 per cent climb to SF1248m (\$152m) in net consolidated earnings in 1988. It also announced a dividend rise, a 125th anniversary bonus for shareholders, and proposed a share split and capital

The board recommended payment of an ordinary divi-dend of SF135 per share and SF127 per non-voting share plus anniversary bonuses of SF135 per share and SF17 per non-voting share. These com-pare with 1987 dividends of SF100 per share and SF125 per non-voting share.

Gross premiums for the Swiss Re group increased by 18.1 per cent to SFr12.3bn in 1988. Incorporation of Lloyd Adriatico, Trieste, accounted

for 7 per cent of the increase. Financial income at SF11.36bn

was SFr224m higher. In an initial capital increase of SFr61.6m, the hoard proposes to raise the nominal value of the registered and bearer shares from SF1250 to SF7300 and then effect a one-to-three split, creating new shares with a par value of SFr100. Proportionate changes would be made to the non-voting stock with a current nominal value of SF150.

hal value of SF150.

Holders of two registered or bearer shares would be entitled to buy one new share at a provisional price of SF11,300. The definite price will he announced at the shareholders' meeting on November 24.

Creation of 154,000 new registered share with a nominal

tered share with a nominal value of SFr100 will offer shareholders option rights.

Tractebel registers sharp growth By Tim Dickson In Brussels

TRACTEBEL, Belginm's leading energy, telecommunications and media concern which is now almost 40 per cent owned hy Société Générale de Belgique, yesterday announced that profits after provision for taxes and before transfers to reserves had provision for taxes and denote transfers to reserves had jumped from BFr4.59bn (\$115m) to BFr7.01bn in the first six months of 1989.

The result, after transfers of the proceeds of property disposals, works out at BFr5.87bn against BFr4.34bn.

More than half this growth is

attributable to dividends received for the first time on Petrofina shares and the shares of electricity utilities injected into Tractebel as part of the March 1988 capital



Hokuetsu Paper Mills, Ltd. U.S. \$150,000,000

3% per cent. Notes 1993

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EUROPE'S LARGEST **PACKAGING** COMPANY

Commenting on the results, Jean-Marie Descarpentries, President Directour General of CMB Packaging said: "Considering that

CMB Packaging has only been in existence as a new Group since April, these figures

justify the confidence placed in us by our shareholders.

We have stated that we intend to be a growth stock. This is a view supported by our shareholders. 86% of whom

> annual dividend into new shares, helping us to fulfil our packaging ambitions and to

> pave the way for even greater

shareholders."

recently converted their 1988

progress for our customers, employees and

CONSOLIDATED **INTERIM RESULTS** (UNAUDITED)

6 months ended **30th June**

1988(2)

		M	FrF M
Turnover	:	9021	7202
Pre-tax Profit	 •	615	500
Earnings per share (FrF)	· ·	7.0	5.7

(1) 1989 figures comprise 6 months trading of the former Carnaud and 3 months trading of the former Metalbox Packaging. (2) Pro Forma figures.

FIRST RESULTS SINCE MERGER

Turnover up 25%

Pre-tax profit up 23%

Earnings per share up 23%

A letter to shareholders will be posted on 10th October 1989.

CMB PACKAGING

INTERNATIONAL COMPANIES AND FINANCE

SAS-Swissair partnership takes off

By Robert Taylor in Stockholm

ate grow

SCANDINAVIAN Airlines System (SAS) and Swissair yes-terday confirmed that they

terday confirmed that they have agreed to forge a partnership in preparation for the more liberal, deregulated European airline industry of the 1990s.

Neither side at a joint press conferences held in Stockholm and Zurich would give precise details on the financial structure of the new venture, which they claimed was the first of its kind in Europe.

its kind in Europe. But they said they hoped to have completed a mutual financial engagement during 1990 corresponding to a cross share-ownership in the two concerns of between 5 per cent

concerns of Detween 5 per cent and 10 per cent.

Mr Jan Carlzon, SAS presi-dent and chief executive, said yesterday that what the two companies are calling "the European quality alliance" would "give the Scandinavian market fast, maximum one-ston connections to areas stop connections to areas which have so far not been covered by SAS's global traffic system in Africa, the Middle

Paribas's

profits go

By William Dawkins

Parp &

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up by 36%

when earnings plunged with the stock market crash.

That compares with FFr14bn in the first half of

1988, representing a rise in earnings per share from FFr26 to FFr35.5.

Paribas expects full-year

profits to climb by 30 per cent to FFr3.45bn, confirming that

it has more than regained the

20 per cent annual growth that

The company said all this latest growth is internally gen-

erated, spread virtually evenly across the bank's activities. Even Parlbas' troubled Credit du Nord retail léfik put in a FFr63m profit, its first for

The group's FFrL Dbn net

mainly income from industrial

investments and share sales -up from FFr826m in the first

half of 1988. Profits from cur-

rent operations rose from

porate and private customers. Lending margins and the quality of the bank's debt exposure

have improved, said Paribas.

New debt provisions on indi-vidual and sovereign country risks fell to FFr1.96hm, from

FFr2.19bm at the end of the first half of last year. This comes thanks to Paribas' dis-

posal of \$350m of sovereign

debts, mainly by selling them in the secondary market and by arranging credit swaps, part of the bank's continuing efforts to reduce its exposure

in Latin America.

was the pre-crash norm.

several years.

effective transport alternatives to SAS daily destinations like Tokyo, Paking and Los Angeles. The plan is for the pair to utilise each others' conthe feeder system between Scandinavia and Switzerland.

The two companies intend to

co-ordinate many of their activ-ities — data telecommunica-tions, hotels, catering, fleet planning, sales and marketing as well as aircraft maintenance and staff training - to make both more cost effective

for implementing and developing the traffic system.

A joint executive committee and a project organisation are to be established with responsibility for implementing and developing the traffic system.

However, the final shape of the alliance and its hierarchy has yet to be worked out. has yet to be worked out. Yesterday, Mr Carlzon admitted that it had been diffi-

cult to find the partner in Europe that SAS has been

looking for since it launched

East and the Indian sub-continent.

It is current global strategy five years ago, but he believed that the deal with Swissair would ensure that SAS would indeed be "one of the five" transna-tional European airline survi-vors left in 1995 after the cur-'rent liberalisation in the airline industry. He made it clear that tha

alliance with Swissair was an exclusive one and that the partners had committed thempartners had committee them-selves not to enter into similar deals with other European flag carriers. But Mr Carlzon added that the two companies will go on with their already estab-lished partnerships as well as proceeding with any other cur-rent tells they were beginning on rent talks they were having on co-operative ventures with oth-

In a joint statement, the two said they would seek "new joint ventures with non-flag carriers in Europe correspond-ing to SAS's alliance with Airlines of Britain Holdings."

Swissair is hoping to establish a 10 per cent stake in Austrian Airlines' opening up the east European market. Mr Carlzon added that Swissair fitted well with SAS because both airlines were in the high quality, high cost business end of the market.

Mr Otto Loepfe, the Swissair president, said that he thought SAS was an ideal partner for his company and that the route

his company and that the routs networks of both airline com-panies complemented on a

The SAS chief executive also took the opportunity yesterday to announce that SAS was entering into a co-operative deal with Icarosan, a Chilean private company that has just acquired a 51 per cent stake in Lan Chile, Chile's national airline. Working parties are to be formed with the aim of pin-pointing synergies in a wide range of potential joint activ-

To SAS the deal opens up the prospect of a much better air service between Scandina via and Latin America, specifically Rio de Janeiro. SAS has provided a \$30m loan, convertible into shares to Icarosan to help its development.

Borden plans \$571m streamline

ate which has been on an acquisition spree since it reduced its dependence on commodity chemicals in the PARIBAS, the privatised French merchant bank, yesterday announced a 36 per cent rise in profits for the first half of the year and predicted the full year surplus would exceed its earlier forecasts.

The group, a hig player in France's increasingly active takeover scene, produced a FFr1.9bn (\$300m) net consolidated profit for the six months ended June, more than its profits for the whole of 1987, when earnings plunged with mid-1980s, yesterday announced a pre-tax charge of \$571m to "streamline and con-

solidate" its operations. Borden's announcement was greeted by Wall Street, where the company's share price rose by \$1% to \$36% in active morn-

would represent the second phase of the strategy begun in March 1986, when management decided to expand aggressively in six "strategic growth areas" - dairy products, snacks, pasta, other grocery items, specialty resins and wall cover-

made 77 acquisitions around the world, at a cost of about \$1.5bn. Borden's total sales realignment, to an estimated \$7.6bn this year. Its snack sales have doubled

and its pasta sales have tripled. Borden now claims to be the worldwide leader in the pasta, dairy products, wall covering and wood adhesives businesses and to be the world's secondbiggest producer of salty snacks. Among its European products are Murphy's potato chips, Airfix gine and Crown wallpaper.

However, its biggest single

operation remains US dairy products, a highly regionalised business, in which the profit margins are being whittled

charges would be allocated to closures and consolidations of smaller and older dairy plants, Borden said.

Tha restructuring would reduce Borden's current world-wide employment of 46,000 by about 15 per cent in an "orderly and deliberate pro-cess" which might take several years to complete. It would improve pre-tax earnings by about \$340m annually by 1993, the company said. Borden's profits in 1988 were \$543m before tax and \$312m net.

The company said that the after-tax cost of yesterday's charge would be about \$404m and would be recorded in its third-quarter results. Excluding this charge, net earnings per share would have shown an increase of about 10 per cent in the quarter, according to Borden.

have grown 60 per cent since the start of the strategic

By Anatole Kaletsky in New York

BORDEN, the New York-based food and chemicals conglomer-

ing trading.
Borden said its restructuring

away by intense competition. A large part of yesterday's ings. Since then, the company has Sony secures Guber for \$200m

By Anatole Kaletsky in New York

SONY USA announced yesterday that it was paying \$200m, or \$17.50 a share, for Guber Peters Entertainment. Guber-Peters, which was Riown until recently as Barris Industries, is a film production company out by Mr Peter Guber the man tipped to become head of Columbia Picprofit includes FFr1.085bn from the capital account —

Sony is complete.
According to Hollywood observers, the Guber-Peters deal is likely to mean the departure of Ms Dawn Steel, president of the studio's mov-ie-making operation, who was brought in two years ago to FFr576m to FFr874m.

Loans to clients rose 21 per cent to FFr885bn, while deposits were up by 26 per cent to FFr244bn, after a strong recovery in credit demand from cor-

replace Mr David Puttnam, the British producer. Mr Victor Kaufman, Columbia's chairman, has already said he would be leaving Columbia. Mr Guber and Mr Jon Peters,

Mr Guber and Mr Jon Peters a large legal problem for Sony his partner, have produced still outstanding such film successes as Baiman. Guber Peters currently has a Rain Man and The Color Purpoduction and distribution ple. Columbia's current management, by contrast, have had few big box-office triumphs.

The premium price paid by Sony for Guber-Peters reflected the high value the Japanese company apparently attached to the two film executives. The shares of Gnber-Peters, which is 28 per cent owned by its two principals, traded at \$12% just before Sony's announcement of the Columbia acquisition.

However, yesterday's amouncement seemed to leave

contract with Warner Brothers which gives Warner the right of first refusal on any film which Mr Guber or Mr Peters produce.

A five-year extension of this contract was signed only a few weeks ago, and Guber-Peters has several films currently under production for Warner.

Cigna faces \$90m Hugo losses

By Our Financial Staff

CIGNA, the big US insurer, expects to take an after-tax charge of about \$90m against third quarter results due to losses from Hurricane Eugo, mostly in Puerto Rico, the Virgin Islands and south-eastern US.

The company said tha charge also includes expected reinsurance reinstatement charges. It said it expects to report results on November 2.

Earlier two other leading US insurance groups revealed estimated costs relating to damage by the hurricane. St Paul Companies, the Min-

nesota insurer, estimates its pre-tax costs will not exceed \$50m. This could reduce thirdquarter earnings by as much as 65 cents a share. In last year's third quarter, St. Paul earned \$103.4m or \$2.14 a

American International Gronp, the New York-based company, estimates that insured net losses relating to Hurricane Hugo will have a pre-tax impact on third-quarter results in the range of \$35m to

The estimated insured damages occurred both in Puerto Rico and the eastern Caribbean islands as well as in the coastal region of the Carolinas.

GLOBAL GOVERNMENT PLUS FUND LTD INTERNATIONAL DEPOSITARY RECEIPT

Issued by Morgan Guaranty Trust Company of New York On September 21, Global government plus find has announced that it will pay USD 8,7809 for each common share validity tendered pursuant to the offer made by Global on August 2, 1989 to purchase up to 25% of its issued and outstanding common shares. The purchase price represents the net asset value per share of Global Government Plus Fund Limited as at September 18th, 1989. Payment of the purchase price shall be made in accordance with the terms and will be subject to the conditions of the offer.

MORGAN GUARANTY TRUST COMPANY OF NEW YORK BRUSSIELS OFFICE

NOTICE TO THE WARRANT HOLDERS OF

SUMITOMO CEMENT CO., LTD.

U.S. \$100,000,000

3%% Guaranteed Bonds 1992

With Warrants to subscribe for shares of Common Stock of Sumitomo Cement Co., Ltd.

Pursuant to Clause 4 (xiii) of the instrument dated 21st July, 1988 (the "Instrument") relating to the above-captioned warrants (the "Warrants"), notice is hereby given as follows:

On 21st September, 1989, Surnitomo Cement Co., Ltd.

(the "Company") issued, in accordance with the resolution of its Board of Directors adopted at a meeting held on 1st September, 1989, 30,000,000 new shares of its common

stock by way of public offering in Japen at the price of tentor by the Subscription Price (as defined in the Instrument) with respect to the Warrants has been adjusted in the manner as set forth below pursuant to Clause 3 (vi) of the instrument.

Subscription Price before adjustment: Yen 700.00 Subscription Price after adjustment: Yen 697.50

Effective date of adjustment: 21st September, 1989,

NME predicts long term growth

growth to be about 15 per cant in fiscal 1990. Mr Richard Eamer, the chairman said that Hillhaven, the National Medical subsidiary handling long-term care facili-ties, is expected to operate at

NOTICE OF ANNUAL GENERAL MEETING

VOTING ARRANGEMENTS FOR IDR-HDLDERS

VOTING ARRANGEMENTS FOR IDR-HDLDERS IDR-Holders who wish to vote must follow the following procedure: IDR-Holders must deliver the IDRs to the Depositary at the address given below (attention: Securities Department - Iclephone 32-2-508.84.49 - relex 21752 MORBK B), instruct the Depositary as to the manner in which votes should be cast, and indicate to whom the IDRs should be returned after the meeting. IDR-holders who wish to vote are also requested to transfer to Morgan Guaranty Trust Company of New York, for account 670-01-422 of Morgan Guaranty Trust Company of New York, Brussels, a fee of USD 10,- per IDR in respect of which a vote is cast. The IDRs will be returned, after conclusion of the meeting and payment by the IDR-holders of the above fee.

MORGAN GUARANTY TRUST COMPANY OF NEW YORK

New Issue Saptember 29, 1989 es a matter of record only.

HOESCH

Hoesch International Finance B.V.

Haarlem, The Netherlands

DM 200,000,000 **7% Bonds 1989, due 1999**

unconditionally and irrevocably guaranteed by

Hoesch Aktiengesellschaft

Dortmund, Federal Republic of Germany

with Warrants attached to subscribe for shares of common stock of Hoesch Aktiengesellschaft

Offering Price:

Listing:

Interest.

7% p.a., payable annually in arrears on Septamber 29

September 29, 1999 at par Maturity:

Subscription Right:

Each bond in the denomination of DM 1,000 is issued with two warrants entitling the holder to subscribe for a total of six shares of common stock of Hoesch Aktiengesellschaft in the nominal amount of DM 50 each at a subscription price of DM 247 par shara. Tha warranta are datachable as of September 29, 1989 and the subscription right may be exercised from that day on through

Düsseldorf and Frankfurt am Main

Deutsche Bank

Berliner Bank

Dresdner Bank Commerzbank

Morgan Stanley GmbH Amro Handelsbank

Bayerische Vereinsbank

CSFB-Effectenbank

Schweizerische Bankgesellschaft (Deutschland) AG

Westfalenbank

Trinkaus & Burkhardt

J.P. Morgan GmbH

DG BANK

S.G. Warburg Securities Marcard, Stein & Co

Westdeutsche Landesbank

Girozentrale

BHF-Bank

Banque Paribas

Capital Markets GmbH

Sal. Oppenheim jr. & Cie.

U.S. \$75,000,000



Girozentrale und Bank der österreichischen Sparkassen Aktiengesellschaft

Floating Rate Subordinated Notes Due 1991

Interest Rate

95/16% per annum

Interest Period

29th September 1989 29th December 1989

Interest Amount per

U.S. \$23.54

U.S. \$1,000 Note dua 29th December 1989

Credit Suisse First Boston Limited

U.S. \$100,000,000

GW Overseas Finance N.V.

Guaranteed Floating Rate Notes Due 1994 Unconditionally guaranteed by



Great Western Financial Corporation

Interest Rate

91/8% per annum

Interest Pariod

28th Septamber 1989 28th March 1990

Interest Amount per U.S. \$10,000 Note due 28th March 1990

U.S. \$458.78 Credit Suisse First Boston Limited

Agant Bank

Comerica Incorporated

Floating Rate Subordinated Capital Notes Due 1997

Interest Rate

93/16% per annum 29th September 1989

Interest Amount per U.S. \$50,000 Note due

29th December 1989 U.S. \$1,161.20

Mezzanine Capital Corporation Limited

tice to the holders of the Searce Depository Receipts ("BDRs") evidencing ticipating Redeemable Preference States of US 1 cont each ("Shares") of examine Capital Corporation Limited (the "Company")

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN to the holders of the BDPs that Manufacturers Henover and (Guernsey) Limited ("the Depoelary") has received notice from the Company that house, Bash Street, St. Heller, Jessey, Channel Islands on Mondey, 23rd October, 1959 at 1,00e.m. for the purpose of considering and voting on the following matters:

The means and consider the Accounts and Palesca. Store and Depoels of the

To receive and consider the Accounts and Balance Sheet and Reports of the Directors and Auditors for the year ended 31st May, 1989.

To declare e final dividend of US\$0.3867 per Paracreating Redeemable Preference Share to be payable as from Tuesday, 24th October, 1983.

To re-appoint Massis. Price Wisterhouse as Auditions of the Company and to authorise the Directors to the their remueration.

As Special Bushness, to consider and if thought fit, pass the following resolution which will be proposed as an ordinary resolution:

"That, for a period anding on the date of the next Annual General Meeting of the Company, the Company to and is hereby authorised to make equity or other investments in any company in which any or M. M. Halpern, J. L. Kazz and A. Schechter have invested or propose to missely provided that the aggregate amount of such investments made by the said Directors in any one company does not exceed 50% of the aggregate amount of the Company does not exceed 50% 0.000 and the sead Directors shall not be obliged to account to the Company for any profit derived therefore. Such authority shall allow and enable the Company to agree to make any such investment during the said period notwitistancing that the Investment direct shall not be made until after the expiry of the said period:

To harseset any other ordinary business which may properly be transacted at en Annual General Meeting.

Annual General Meeting.

BDR holders have the right to attend and speak at the Annual General Meeting but not themselves to vote thereat. BDR holders may however instruct the Depository as to the secretice on their behalf of the voting rights attributable to the shares evidenced by the BDRs which they hold.

seercise on their behalf of the voting rights attributable to the shares evidenced by the BDRs which they hold.

Instructions as to voting must be given either to the Depositary or to a Paying Agent, Cedel or Euroclear (a "Paying Agent") in writing not laser than Monday, 16th October, 1988 and must be accompanied by the BDR in respect of the Shares for which such instructions are given. The Depositary or relevant Paying Agent must be satisfied that such BDR is hold in a blockad account to its order until stair Monday, 2std October, 1989. Voting Instruction forms may be obtained from any Paying Agent.

On deposit of a BDR with or to the order of a Paying Agent the holder thereof may obtain a receipt which will entitle him to attend and speak at the Annual General Meeting.

BDRs deposited with or to the order of a Paying Agent will not be released until the first to occur of (A) the conclusion of the etover-mentoned meeting or any adjournment thereof is CBR to surrender to the Paying Agent, not less than 48 hours before the time for which such meeting or any adjournment thereof is convened, of the receipt assued by the Paying Agent meeting or any adjournment thereof is convened, of the receipt assued by the Paying Agent meeting or any adjournment and appears to the Depositary of such surrender or release.

Copies of the Company's Annual Report may be obtained from any of the Paying Agents listed below and Euroclear and Cedel.

Depositary and Principal Paying Agent.

Depositary and Principal Paying Agent Ignufacturers Hanover Bank (Guernsey) Limited, Manufacturers Hanover House, Le Truchot, St. Peter Port, Guernsey, Channel Islands

Paying Agents

Bankers Trust Licembourg S.A.,

14 Boulevard Roccaeut,

Lusembourg, Grand Duchy of Lusembourg

Manufacturers Hanover Trust Company,

Bookenhermer Landsrasse 51-53,

0 6000 Frankturt-am-Main 1, West Germany

3000 Frankburt-em-Main 1, West Germen Menutachuren Hanover Trust Company, Shell Tower, 33-34th Storey, Shell Tower, 33-34th Storey, Shell Tower, 33-34th Storey, Shell Tower, Trust Company, 7 Princes Street, London EC2P 28. Manufacturen Hanover Trust Company, Edinburgh Tower, 43rd Floor, Edinburgh Tower, 43rd Floor, Dueens Road Central, Hong Kong Manufacturen Hanover Trust Company, Stockerstrasso 33, 9027 Zurich, Switzer Marchen Duerstry Trust Company, of Newton Duerstry Trust Company, or Newton Duerstry Tr

Morgan Quaranty Trust Company of New York, 14 Place Vendôme, 75001 Paris, France

WEST MIDLANDS The Financial Times proposes to publish a Survey

on the above on 18TH OCTOBER 1989

For a full editorial synopsis and advertisement details, please contact:

ANTHONY G. HAYES

on 021-454-0922 or write to him at: George House, George Road Edgbaston, Birmingham B15 1PG

FINANCIAL TIMES

29th September, 1989

SUMITOMO CEMENT CO., LTD. By: The Sumitomo Bank, Limited

NATIONAL Madical Enterprises, the Los Angeles bospital management group,

lifted first quarter earnings from \$41.1m or 56 cents a share to \$50m or 65 cents, as revenues rose \$144m to \$996.3m,

writes our financial staff.

The company said it expects its earnings and revenue one year after it is spun off from the parent company.

GREECE FUND LIMITED
INTERNATIONAL DEPOSITARY RECEIPT (LD.R.)
issued by
Morgan Guaranty Trust Company of New York
evidencing 1000 participating shares of USD 0.01 each

1) NOTICE OF ANNUAL GENERAL MEETING
Notice is hereby given that the First Annual General Meeting will be held
at Waterloo House, Don Street, St Heller, Jersey, Channel Islands at 12
noon on Wednesday 18 October 1989, to consider and, if thought fit,
adopt the following resolution:
Receive the report of the Directors, the accounts for the period ended 30
June 1989 and the report of the Auditors thereon.
To reappoint Coopers and Lyband as auditors of the company.
To authorize the Board to agree with the auditors a sum to cover their
remuneration.

2) A dividend of 4.5 cents per share will be paid on 03 November 1989 (subject to confirmation at the Annual General Meeting) Copies of the Annual report are available to holders of depositary receipts and to the public at the company's place of business in England, 36 Old Jewry, London EC2R SBS or at Morgan Guaranty Trust Company of New York, Brussels office, 35 avenue des Arts, 1040 Bruxelies.

US. \$75,000,000

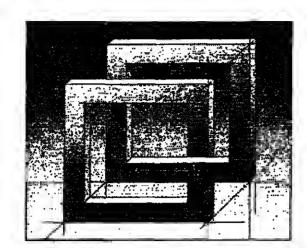
Intarest Period

29th December 1989

Credit Suisse First Boston Limited

 $e^{-\epsilon}$

Interim Report as of June 30, 1989



The full Interim Report on the development of our bank's business from January 1 to June 30, 1989 is

If you wish to receive the report, please contact us (Frankfurter Hypo-thekanbank AG, Postfach 10 08 48, D-6000 Frankfurt a. M. 1), stating the number of copies required.

Frankfurt am Main, The Board of Menaging Directors

> Frankfurter Hypothekenbank

Notice of Stolen Bonds Hercules Inc. ECU 101/4% Bonds Due 1992

NOTICE IS HEREBY GIVEN that certain certificates for the Hercules Incorporated 101/8% ECU bonds due 1992, were stolen in London in due 1992, were stolen in London in March 1985 while in transit from the printer to the trustee. These certificates, bordered in red and numbered B-0001 through B-4502, were not authenticated by the trustee, Marine Midland Bank NA, and are invalid. Stolen certificates were replaced by blue bordered boods.

HERCULES INC. Dated: September 29, 1989

> issue of up to U.S. \$360,000,000 Elders IXL Treasury (Australia) Limited Subordinated Guaranteed

loating Rate Notes due 1995 Guaranteed as to Principal and traterest by **Elders IXL Limited**

For the interest period September 29, 1989 to March 29, 1990 the Notes will carry an interest rate of 9,8625% per annum. The interest payable on the relevant interest payment date, March 29, 1990 will be U.S. 34,958,65 per U.S. \$100,000 Naminal Amount.

By: The Chase Manbattan Bank, N.A. Laudon, Agent Bank ptember 29th, 1989

Race to dominate world tyre market

n the surface, Michelin's \$1.5bn takeover of Universal Goodrich of the US, to be completed by early next year, marks the final stage of a world tyre industry rationalisation during the 1980s which has left more than 80 per cent of total sales in the hands of just six large

The lacklustre Uniroyal Goodrich, formed out of the troubled tyre operations of Uniroyal Tire and B.F.Goodrich nearly four years ago and owned by Wall Street turn-around specialists Clayton & Dubilier since early last year, was widely perceived as the last leading tyre company with an obvious "for sale" tag on it. Yet the acquisition which has made Michelin indisput-

ably the world's largest tyre-maker is very unlikely to allow the \$45bn-a-year industry to settle more comfortably into a new world order.

It seems certain to provoke some further response from Bridgestone of Japan, whose public declaration that it intends to wrest world leadermichas to wrest worth leader-ship from western producers – made at the time of its \$2.5m purchase of Firestone Tire and Rubber of the US last year after outbidding both Michelin

and Italy's Gruppo Pirelli— now has a hollow ring. It leaves Goodyear Tire and Rubber, with whom Michelin has been neck-and-neck for the past three years, worriedly contemplating the much-ex-panded presence in its own backyard of a foreign group which has picked up, et a stroke, the lion's share of sup-

plies to General Motors, the world's largest vehicle maker. And it has left the next two argest players, Continental of West Germany and Pirelli, anxionsly assessing to what extent they might find themselves further disadvantaged by their relative lack of size, and what they can do about it now that Iniroyal Goodrich has passed eyond their reach.

It is a concern which is

Bond's HK arm

BOND CORPORATION International (BCIL), the Hong Kong-listed subsidiary of Mr

Alan Bond's Australian based

business empire, has reported attributable profits of HK\$1,935.6bn (US\$247.5bn) for

the year ended 30 June, but will not be paying a final divi-dend, since substantial profits

from asset sales have already

been distributed to absrehold-

ers in the form of special divi-

BCIL helped out its cash

strapped parent in May with the sale of its flagship Bond Centre office building in Hong

Kong's central financial dis-trict, and distributed the pro-ceeds to shareholders in two

special dividends of 70 cents and 40 cents respectively.

Bond Corporation Holdings'
66 per cant stake meant that it

received about HK\$970m of the

HK\$1.47bu payout.

An interim dividend of six cents per share had previously been paid at the half-way

stage, when profit figures included the December 1988 sale of the company's 30.35 per cent stake in HK-TVB, the

local television station.
Included in the full-year

accounts are BCIL's HK\$71.8m

share of TVB profits and HK\$193.5m in profits from the

HK\$193.5m in profits from the sale. After these asset disposals, BCIL's main source of income is its 45 per cent holding in the Chile Telephone Company, which contributed HK\$95.5m in profits for the first half, and HK\$243.5m for the six months to 30 June.

In July the company completed the US\$10.5m acquisition of an 85 per cent stake in the Huizhou Brewery in China, finalising the joint venture

agreement on July 22 at which date the Huizhou Brewery Company became a group sub-sidiary. BCIL's other main

interest is its 50 per cent hold-ing in a leading property devel-opment in Italy, near Rome.

MORTGAGE SECURITIES

(No. 2) PLC

HK\$1.935bn

By Michael Marray

registers

in Hong Kong



Mr Ludovico Grandi: back on

intensified by the rapid globalisation of the motor industry itself, requiring the leading players in the tyres sector to have significant manufactur-ing presences in all the world's main vehicle-producing

regions.
In spite of its own acquisi-tion of General Tire of the US at the end of 1967, which virtu-ally doubled its tyre sales, Contimental'e tyre sector turnover, at around \$3.4hn, remains well under half the nearly \$3hn a year of Bridgestone if Fire-stone's annual sales of \$1.5hn are included in the Japanese company's total. Mr Gunther Sieber, head of

Continental's sales and mar-keting, makes no secret of the fact that "we want to close the gap" to the largest producers and that "more selective acquisitions in strategic regions cannot be roled out."
Pirelli's tyres turnover is

marginally smaller than Conti-nental's at just more than \$50n.

— although tyres account for an unusually low half-share of the Italian group's total busi-

Both, like Michelin, have strong incentives to continue to seek e much larger footbold in North America, which absorbs between a third and 40 per cent of world tyre output, but where their presence imtil recently has been minimal.
While Continental's acquisition of General Tire has been helpful in this respect, giving it nearly 20 per cent of original equipment supplies to General Motors, for example, Pirelli remains more of an outsider.

INTERNATIONAL COMPANIES AND FINANCE

This is in spite of its pur-chase of Armstrong and its current \$250m investment programme in what is now the Pirelli Armstrong Corporation, under which Armstrong will produce Pirelli – as well as its own-branded tyres - part of the problem being that Arms-trong itself has only a small presence in the US road vehicles sector, until now having mainly made trctor tyres.

Goodyeer's concern is exac-erbated by its own reduced ability to respond to the 'inva-sion' of the US industry. It is still wrestling to reduce the \$2bn-plus debt burden it incurred a little over two years ago in fighting off financier Sir James Goldsmith'e corporate

n this weakened state it

n this weakened state it has been struggling to sustain required heavy investment in research and development and in new manufacturing technology, while having to cut back sharply on costs.

All this comes against a background of falling unit sales for Goodyear in North America and some other misfortunes which have combined to slash its profits by nearly 50 to slash its profits by nearly 50 per cent in the first half of this

Many industry eyes, however, will be looking to Pirelli as the likely catalyst for a fur-ther round of restructuring of the industry, for even Pirelli executives concede that the Armstrong acquisition, for a mere – by tyre industry standards - \$190m was only minor.

compensation for being outbid for Firestone by Bridgestone. Since the Armstrong acquisi-tion, Pirelli has also had its hands full with a major inter-nal restructuring of its own,

John Griffiths examines the fortunes of the big six producers under which it has regrouped all its world tyre operations into a new, Dutch-registered holding company, Pirelli Tyre

Holding NV.
But that Pirelli was prepared to bid up to \$1.9bn for firestone and that — as Mr Ludov. ico Grandi, chairman and chief executive of the management board of Pirelli's world tyre operations, readily acknowledges - a prime purpose of issuing 9m new shares in Pirelli through the Amsterdam flotation in July was to obtain finance for further expansion. Pirelli itself icoks to be back on the acquisitions trail just as soon as the dust has settled

from its complex restructuring. One seemingly obvious approach, and suggested as at least e possibility by some tyre industry observers, would be for Continental and Pirelli to merge to create a European group. This, at a stroke, would match in size even the enlarged Bridgestone.

So far, however, it is a course for which neither Mr Grandi nor senior Continental executives are showing any apparant enthusiasm.

As far as Pirelli is concerned "one should not over-estimate the advantages that can be gained from size", insists Mr Grandi.

We are not obsessed by i and in any case we are well above the critical size needed to be viable".

However, while Pirelli "does not anticipate" any tie-ups with Continental "we are talking with many people in Europe and the Far East".

according to Mr Grandi.
With several other smaller but no less aggressive Japa-nese companies epart from Bridgestone also looking to expand and acquire a more global presence – not least Sumitomo of Japan, which now embraces Dunlop tyre marque, and Yokohama - It is inevitable that some of the smaller Western companies must now start looking anxiously over

U.S.\$200,000,000 CONTINENTAL ILLINOIS OVERSEAS FINANCE CORPORATION N.V.

(Incorporated with limited liability in the Netherlands Antilles) GUARANTEED FLOATING RATE SUBORDINATED NOTES DUE 1994



In accordance with the provisions of the Notes and the Reference Agency Agreement between Continental Illinois Overseas Finance Corporation N.V. and Cribank, N.A., dated June 24, 1982, notice is hereby given that the Rate of Interest has been fixed of 9.25% p.a. and that the interest payable on the relevant Interest Payment Date December, 29, 1989 against Coupon No. 30 will be U.S.\$233.82 in respect of U.S.\$10,000 naminal amount of the Notes. September 29, 1989, London By: Citibank, N.A. (CSSI Dept.), Agent Bank CITIBANCO



Notice is hereby given that the Rate of Interest has been fixed at 9.1875 and that the interest payable in respect of U.S. \$10,000 principal amount of Nates for the period September 29, 1989 to December 29, 1989 will be US\$232.24. September 29, 1989, London By: Citibank, N.A. (CSSI Dept.), Agent Bank CITIBANCO



Banco di Santo Spirito S.p.A. (Incorporated with limited liability in the Republic of Italy)

London Branch Floating Rate Depositary Receipts due 1993 In accordance with the provisions of the Notes, notice is hereby given 1990 the Notes will carry an Interest Flate of 9% per annum. The interest payable on the relevant interest payment date, March 30, 1990 will be U.S. \$455.00 for Notes In denominations of U.S. \$10,000 and U.S. \$4,550.00 for Notes in denominations of U.S.

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By: The Chase Mankattan Bank, N.A. Landon, Agent Bank

September 29, 1989



U.S. \$60,000,000



Manufacturers National Corporation (Incorporated in the State of Delaware) Subordinated Floating Rate Notes due September 1996

Issue Price 100% In accordance with the provisions of the Notes, notice is hereby given 1990 the Notes will carry an Interest Rate of 9%% per annum. The interest payable on the relevant microst payment case, March 30, 1990 will be U.S. \$470.80 for Notes in denominations of U.S. \$10,000 and U.S. \$11,769.97 for Notes in denominations of U.S.

\$250,000. By: The Chase Manhattan Bank, N.A. London, Agent Sank

September 29, 1989



U.S. \$500,000,000 CITICORPO

Subordinated Floating Rate Notes Due January 30, 1998 Notice is hereby given that the Rate of Interest has been fixed at 9.1375% and that the interest payable on the relevant Interest Payment Date October 31, 1989 against Coupon No. 45 in respect of US\$10,000 nominal of the Notes will be US\$81.22.

September 29, 1989, London By: Chibank, N.A. (CSSI Dept.), Agent Bank CITIBANCO

HOMES FOR SALE IN LONDON

appear every Saturday in the Weakend FT.

For advertising information pleasa cali Lesley Proctor on 01-873 4896 or

CHEMICAL NEW YORK CORP. US\$300,000,000 FLOATING RATE SENTOR NOTES DUE 1999 In accordance with the provisions of the Motes. Notice is hereby given that for the Interest period from 29 Septem-ber, 1989 to 31 October, 1989 the Notes carry an Interest rate of 91s per cent

The interest payable on the retevant Interest payment date, 31 October, 1969 against coupon No 58 will be U6381.11 per US\$ 10.000 Note. AGENT BANK CHEMICAL BANK

CITIBANCO

U.S. \$400,000,000

BankAmerica Corporation

Floating Rate Subordinated Capital Notes Due 1996 (originally issued by) BankAmerica Overseas Finance Corporation N.V.

Interest flate Interest Payment Date Interest Amount per U.S. \$50,000 Note Credit Seisse First Boston Limited

93/18% per amum U.S. \$1,181.20

Carol Haney on 01-873 4935.

KLEINWORT BENSON FINANCE B.V. US \$150 million Floating Rate Notes 1996 (US \$100,000,000 having been issued as the initial and Sole Tranche)

KLEINWORT BENSON LONSDALE pic

(which was substituted for Kleinwort Benson Finance B.V. as the principal debtor on 1 15th March 1985)

For the six months 29th September 1989 to 30th March 1990, the Notes will carry e Rate of Interest of 91/2 per cent. per annum with a Coupon Amount of US \$467.64

> CHEMICAL BANK Agent Bank

CITICORPO

U.S. \$500,000,000 **Subordinated Floating Rate Notes** Due October 25, 2005

Notice is hereby given that the Rate of Interest has been fixed at 9.1625% and that the interest populoe on the relevant interest Payment Date October 31, 1989 against Caupon No. 48 in respect of US\$10,000 nominal of the Notes will be US\$81.44.

September 29, 1989, Landon By: Citibank, N.A. (CSSI Dept.), Agent Bank

U.S. \$350,000,000

Subordinated Floating state Notes Due November 21, 2000 Notice is hereby given that the Rate of Interest has been fixed at 9,1625% in respect of the Original Notes and 9,25% in respect of the Enhancement Notes, and that the interest payable on the relevant Interest Payment Date October 31, 1989 against Coupon No. 48 in respect of US\$10,000 nominal of the Notes will be US\$81.44 in respect of the Original Notes and US\$82.22 in respect of the Enhancement Notes.

September 29, 1989, London

By: Gribank, NA. (CSSI Dept.), Agent Bank

CITIBANCO

REPUBLIC OF FINLAND U.S.\$100,000,000 Floating Rate Notes Due 1990

Notice is hereby given that the interest payable on the Interest Payment Date, October 31, 1989 for the period April 28, 1989 to October 31, 1989 ogoinst Coupon No. 9 in respect of U.S.\$10,000 nominal of the Notes will be U.S.\$464.23.

September 29, 1989, London By Citibank, N.A. (CSSI Dept.), Agent Bank

CITIBANCO

CITICORPO

Subordinated Floating Rate Notes Due November 27, 2035



ESD,000,000 ... MORTGAGE BACKED FLOATING RATE NOTES DUE 2028

27th September, 1989 to 15th December, 1989 the Notes will bear interest at 14.43% per acrosm.

nterest payable on 15th December 1989 will amount to £3,123,21 per £100,000 Note.

Agent Banks Morgan Guaranty Trust Company of New York London

U.S.\$100,000,000 Floating Rate Notes due 1992

Interest Rete 9.2925% p.s. Interest Period September 29, 1989 to Merch 30, 1990. Interest Payable per US\$109,000 Note US\$4,697.88. September 29, 1989, Landon By Cribenk, N.A., (CSS) Dept.), Agent Ben

Brierley profits increase 38%

By Terry Hall in Wellington

BRIERLEY INVESTMENTS yesterday announced a 38 per cent lift in tax-paid profits to NZ\$365.46m (US\$219m) for the year to end-June. Mr Paul Collins, the chief executive, said this was proof that the group had successfully restructured. itself after the 1987 share mar-ket crash and was ready for new international opportuni-

Mr Collins said that canital funds were over NZ\$4bn on total assets of NZ\$8.8bn, creating "a phenomenally" strong position and the best balance sheet the company has had. A huge amount of research was gone into finding opportu-nities in Britain, the US and

Australia. The company's goal was wealth accretion and most of its New Zealand assets were in mature trading companies. Investments contributed only NZ\$110.58m out of the NZ\$406.98m gross profit that the company earned in New Zealand.

In contrast, the UK operations earned NZ\$254.32m from investments, compared

with NZ\$116.73m from trading. The British portfolio was basically a diversification of risk and had stood the company in good stead, while the New Zealand market had gone through a troubled period since 1987.

At yesterday's briefing. Sir Ronald Brierley, the retiring chairman, said that the pur-chase from the New Zealand Government of 65 per cent of Air New Zealand's capital had been the main event of the

This stake is being reduced to 35 per cent by a public issue. He said the airline has an expected market capitalisation of about NZ\$750m.
Sir Ronald said that the

Hong Kong subsidiary, Indus-trial Equity Pacific, was doing well, although much of its profwen, annough much of its pro-its came from sales such as Calmat and Ultramar during the year. These gains appeared to be one-offs, representing investment and management input that had been largely unrewarded in earlier years.
"This emphasises IEP's

long-term strategy, which is

identical to that of Brierley Investments at a similar stage of its development in the

1970s," Sir Ronald said.

Mr Collins said that in spite of the sales of Brierley's stake in IEL, the group would continue to be a force in the Australian market. It resided a tralian market. It needed a presence in Australia as many New Zealand trading company operations were centred there and Australia was a leading capital market close to home. He added that Sir Ronald had a

special knowledge and under-standing of the market. The lift in profits from last year was achieved on a lower gross revenue of NZ\$6.18bn (NZ\$7.11bn last year) and in spite of a higher income tax bill of NZ\$81m (NZ\$50.97m). The profit before tax was NZ\$665.77m (NZ\$513.44m). Minority interests contributed

Equity earnings were nil (NZ\$8.3m last year).
Earnings per share after tax were 21.9 cents (17.3 cents) on an annual basis and net tangi-ble asset backing per share was NZ\$1.35 (NZ\$30).

NZ\$219.29m (NZ\$205.98m).

HOTICE TO SCHOHOLDERS YEN 16,000,000,000 6,30% SERVES A BONDS DUE 1909

Notice is hereby given that according to Clause 6 of the Terms and Conditions of the Bonds, the Bondholder's Option has been exercised on the aggregate amount of the leave.

That meens that all the outstanding Series A Bonds (the "A Bonds") have been exchanged for Series 8 (the "8 Bonds") and therefore the lease of A Bonds will no longer be fielded on the Lovembourg Stock Exchange. On behalf of the leaver-

BANQUE PARIBAS LUCEMBOURG

At the Annual General Meeting beld on September 26, 1989, it was decided to pay a dividend of US \$ 0.24 (twenty four cents) per share on or after October 18, 1989 to shareholders of record on September 27, 1989 and to holders of bearer shares upon presentation of coupon No 14.

Société d'Investissement à Capital Variable Luxembourg, 5 Boulevard de la Foire R.C. Luxembourg B 9.497 DIVIDEND NOTICE

FIDELITY WORLD FUND

Paying Agents: COMPAGNIE FIDUCIAIRE

5. boulevard de la Foire L - 1528 LUXEMBOURG

KREDIETBANK S.A. Luxeinbourgeoise 43, houlevard Royal L - 2955 LUXEMBOURG

Westpac Banking Corporation (Incorporated with limited liability in the State of New South Wales, Australia)

US.\$500,000,000 Perpetual Capital Floating Rate Notes

In accordance with the terms and conditions of the Notes, notice is hereby given that for the Interest Period from 29th September, 1989 to 30th March, 1990 the Notes will carry an Interest Rate of 9.2125 per cent. per annum. The Interest Amount payable on the Interest Payment Date which will be 30th March, 1990 is US.\$465.74 for each Note of US.\$10,000 and US.\$11,643.58 for each Note of US.\$250,000.

Morgan Guaranty Trust Company of New York

INTERNATIONAL COMPANIES AND FINANCE

profit after setting aside Tadiran loss

By Hugh Carnegy in Jerusalem

KOOR INDUSTRIES. Israel's kook industrials, laraers heavily-indebted industrial group, yesterday set aside mounting losses in its biggest subsidiary to report an interim profit for the rest of the group.

As expected, Koor accounted separately a \$73m first-half loss at Tadiran, a maker of military communications equipment and consumer electrical goods which Koor now intends to sell. The Tadiran loss showed up in the group accounts only as a reduction in Koor's capital to Sh427m (\$213.5m), from Sh596m at the end of last year.

This ploy freed Koor to present an upbeat set of figures in which there was a first-half operating profit of Sh63m. There was a pre-tax profit of Sh10m, compared with a loss in the same period of 1968—excluding Tadiran losses—of Sh313m. The after-tax result this year was a loss of Sh10m. heavily-indebted industrial

Sh313m. The after-tax result this year was a loss of Sh10m, smaller than recent results. Mr Benjamin Geon, Koor's chief executive, described the results as a turning point in the group's struggle for survival. Last year the debts prompted a liquidation suit by Bankers Trust of New York. His confidence may not yet be shared by Koor's creditors. Liquidation was averted in June, after an agreement with June, after an agreement with Bankers Trust and the compa-ny's creditors on a re-scheduling programme for the \$1.25bn debt. But that was before the latest losses in Tadiran were revealed. Final agreement on

Earnings at Canal + up 28% at halfway

the re-scheduling programme has since been delayed while the creditors wait for a

detailed recovery plan due from Koor next month.

By William Dawkins

CANAL +, Europe's leading pay television station, yester-day unveiled a 28 per cent increase in group net profits for the first half of the year.

Total revenues, mostly made up of rental fees for the decoders needed to receive Canal + programmes, rose by 15 per cent, from FF12.1bn (3330m) in the first half- of 1988 to FFr2.4bn in the six months to

Canal +, which was Europe's first pay television channel when it started broad casting in 1964, had 2.7m sub-scribers by the end of June and is expected to have 2.8m by the

end of this year:
The Paris-based broadcaster's net profits meanwhile climbed from FFr317m to FFr405m for the first half. At the pre-tex level, profits rose from FFr5/3m to FFr633m.

The group predicted that total revenues in the full year would rise 13 per cent. to FFr45bn as against FFr4bn in 1988, though profits will rise less steeply in the current six months because programming costs are usually higher in the second half.

Cerus net profit jumps to \$113m

CIES Europeennes Reunies (Cerus) announced yesterday that its consolidated net profit jumped to FFr723m (\$113m) in the first half of 1989 from FFr120m a year earlier and FFr332m for all of 1988. The French financial holding

company didn't provide addi-tional details on the first-half earnings, other than that they included the first-time contri-bution of recently acquired the merchant bank Dumenil-Leble, which had consolidated net profit of 137 million francs.

The group's main units had strong first-half earnings, especially auto parts group Valeo SA and Belgian holding company Societe Generale. Cerus also had a non-recurring gain of FFr200m in the first half from an initial public offering by Yves Saint-Laurent.

Margins tighten at Montedison By John Wyles in Rome

MONTEDISON, tha Italian chemicals company controlled by Mr Raul Gardini's Ferruzzi group, last night reported a 24 per cent drop in six months net consolidated operating income to L282bn (\$207m) on sales which were 14 per cent higher

which were 14 per cent higher at L3,140bn. However, an extraordinary gain through the transfer of Montedison's basic chemicals Monteuson's basic chemicals business to the Enimont joint venture raised net income to L1,102bn. On a directly comparable basis, the profits compared with L373bn last year.

The company said that the fall in earnings was due to a "temporary decline" in margins, particularly in the area of gms, particularly in the area of

polymer materials.

Koor records Koito accuses Pickens of link with Japanese raider

By Stefan Wagstyl in Tokyo

KOITO MANUFACTURING, the Japanese car components company, yesterday went on the attack in its battle with Mr. T. Boone Pickens, the Texan corporate raider who has taken a \$10n-plus stake in Koito.

Koito accused Mr Pickens of accused in he in league with

appearing to be in league with Mr Kitaro Watanabe, a Japanese corporate raider, who twice last year tried to force Kotto to arrange a buyback of big stress at a recentive. his shares at a premium.

Mr Watanabe's Azabu group

accumulated at least 20 per cent of Koito before selling in March a 20.2 per cent stake to Boone Co, an investment group run by Mr Pickens. Earlier this month Mr Pickens announced plans to increase his stake to 26 per cent by buying more shares from Azabu.

In a letter to Mr Pickens, cir-culated to journalists by Koito's lawyers, Koito asked Mr Pickens to clarify his rela-tionship with Mr Watanabe. The letter pointed out that Mr

Pickens' refusal to do so has prompted widespread specula-tion that his purchases are covered by a repurchase agree-

"I am sure you recognise that, whatever, your intentions, your continued alliance with Mr Watanabe and your refusal to disclose the terms of your arrangements with Azabu appear to place you in direct concert with a shareholder who has sought to greenmail the company or its shareholders," said the letter signed by Mr Takao Matsuura, the Koito weeklept and drafted with the

Mr Takao Matsuura, the Koito president, and drafted with the help of US investment bankers working for Nomura Wasserstein Perella, Koito's adviser.

The letter indicated that Koito would not obstruct Mr Pickens' plan to call for an extraordinary general meeting. Mr Pickens has said he wants such a meeting to discuss his demands for an increase in dividends and for four seats on idends and for four seats on the board. He is asking for four

because Toyota Motor, previ-ously Koito's largest share-holder with a 19 per cent stake,

nominates three directors.

Under Japanese law a shareholder with a substantial holding can call a meeting after
being on the register for six
months. In Mr Pickens' case,
the probationary period ends
this rearth this month.

However, Koito warned that Mr Pickens can expect few concessions on the substance of his demands because of his own reputation as a corporate raider in the US and Mr Watanabe's as a greenmailer in Japan. Mr Pickens' planned purchase of additional shares will however increase the pres-sure on Koito by raising to more than 70 per cent the pro-portion of shares held by the top 10 shareholders. This will increase the risk that the Tokyo Stock Exchange might de-list the company's shares on the grounds that there is too little stock in free circulation.

Chemie to shed pharmaceuticals

By Peter Marsh

CHEMIE HOLDING, the biggest Austrian chemicals company, plans to sell its phar-maceuticals division for a targeted price of about £200m (\$325m).

The company, which is state-owned but is in the process of being privatised, also plans to step up its invest-ments in plants outside Austria, where virtually all its pro-

duction is currently sited.
Mr Peter Apfalter, chair-man-designate of Chemie Holding, said yesterday in London that these measures would enable the company to concentrate on its core businesses and to move more quickly into the large markets of the US and the European Community. Chemie Holding, which until

recently was called Chemie Linz, is a medium-sized chemicals group with sales last year of AS11.2bn (\$845m). It is part of the state-owned OIAG industrial holding company which is scheduled for at least partial privatisation over the next

Mr Apfalter is head of Chemie's chemicals division and takes over as group chairman in January. He said Chemie had decided

to withdraw from pharmaceuticals sales and developments as part of a plan to consolidate its interests in specialist chemi-cals such as high-value materials used in drug production. He said Chemie had already discussed the possible sale of its drugs division with a num-

ber of large pharmaceuticals groups in Europe, the US and

Japan.
The unit, which has annual sales of about AS2bn, sells a large range of products for treatments including heart dis-ease, nervous disorders and

It occupies only a low rank-ing in the world drugs indus-try, but might be of interest to large healthcare groups inter-ested in building up sales in Austria and neighbouring

countries in Eastern Europe. Chemie, whose other activi-ties include sales of plastics and fertilisers, was anxious to build up production in other countries, especially the US and European Community, said Mr Apfalter,

FT INTERNATIONAL BOND SERVICE

Listed are the latest International bonds for which there is an adequate secondary market.

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3.F.C.E. 412 98	150	1864	86/2	-0¼ +0°	ĭ	6.10	Miski Nipo.Bk.27, 03 US	4/86	804.	2912	130 2	-01	247
urican Dev. Bk. 5 96	100	1891	901	ᄡᇸᄱ		6.80 5.97	CONVENTIBLE MONDS ACOR 6-1-02 U.S. ARTER: BRANCH 7-1-02 U.S. CRS. Inc. 5 O2 U.S. Primerica 5-1-02 U.S. Primerica 5-1-02 U.S. Eng. Caloina City 6-1-03 6 FUILES: 3-99 U.S. Lacitrovic Grp. 5-1-1-04 G.S. Allonita Camera 2-1-1-04 U.S. Allonita Camera 2-1-1-04 U.S. Mitspalled Bb. 3-1-04 U.S. Mitspalled Bb. 3-1-04 U.S. Mitspalled Bb. 3-1-04 U.S. Breat Miss 6-1-04 U.S. Sanchi Miss Miss 3-1-04 U.S. Silican Graphics 6-04 U.S. Somitons Banks 3-1-04 U.S. Erza Ind. 2-1-02 U.S. U.S. Less Ind. 2-1-02 U.S. U.S. U.S. Less Ind. 2-1-02 U.S. U.S. U.S. U.S. Beare 6-1-02 U.S. U.S. U.S. Beare 6-1-02 U.S. U.S. Beare	19/87 4/87	1310	M2 19	301 F	-04 +43	19.73
redit Lyonauls 44, 00	100	168	89	-૦થું -૩૫	Ě	6.26	Basis Horis 41, 03 €	1/88	3.5	284	1291	101	-235
LIB 45, 98	150	190	91	-01 -1 1 0 -1 123 +63	Ď	8.00 8.00	Santh&Striv.6's 83 £	110/89 110/89	4.41	924	63.5	01	38.00
Tetcher Chall 4% 98	150	182	84	123 +63		7.65	STIKEN Graphics 8 04 US.	M89	23.18 4294	112 845	113 REL	+3%	38.00 8.66 13.57 65.19 95.00
A.U.S. 62004	200 150	1981s	90 ·	+0.7 <u>-0.7</u>		6.25	Texas leaf. 21 62 US	9/87	8 <u>2.87</u>	76	77	-04	65.19
eeds Perm. B/S. 41e 93	200	1912	914	1014 +01 1014 +01	:	6.86 7.52	Vol. Newspapers 8 04 \$	10/89 9/87	1.77 42.12	984	1124 994	+6-2 D	95.00 15.72
Azicveli Comm.Crp. 5 95	150	1851	86	012 -05		8.18	No Information are	ilobia.		dan	melee		
lat Bir. Hungary 53, 94	75 200	189	914	泛급하		6.94							
rectit Lyonanis 44, 00	150	187	89	0 -		6.30 8.97	† Only one market			-			
namand 4% 95 Vorld Bank 5 03	150	18712	89½ -	0 £ 10 £		6.26	Straight Bonds: The yield is the the amount issued is in million bonds where it is to billions. O	rield (c xas of	rederaj Currenc	r units	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	mid-s pt for	Yes
Average price change	On day	+01= (m wee	K − 018			WEEK CATHER.						
٠.							Floating Rate Notes: Denominar	ted in	dollars	ualess	other	owise	Indl-

These securities have been sold outside the United States of America and Japan. This anno

NEW ISSUE

28th September, 1989



U.S.\$150,000,000 35/8 per cent. Guaranteed Bonds due 1993

Warrants to subscribe for shares of common stock of

Yuasa Battery Co., Ltd.

The Bonds will be unconditionally and irrevocably guaranteed by

The Mitsui Bank, Limited

Issue Price 100 per cent.

Nomura International Mitsui Trust International Limited

Kyowa Finance International Limited Bank of Tokyo Capital Markets Group Baring Brothers & Co., Limited Cosmo Securities (Europe) Limited Daiwa Europe Limited Robert Fleming & Co. Limited Leu Securities Limited Morgan Stanley International **Paribas Capital Markets Group**

Sanyo International Limited

Mitsui Finance International Limited **Swiss Bank Corporation**

Algemene Bank Nederland N.V. Barclays de Zoete Wedd Limited **Chase Investment Bank Limited** Daiwa Bank (Capital Management) Limited Dresdner Bank **KOKUSAI** Europe Limited LTCB International Limited **New Japan Securities Europe Limited** Salomon Brothers International Limited S.G. Warburg Securities

Westdeutsche Landesbank

BRIERLEY INVESTMENTS LIMITED

1989 HIGHLIGHTS

to 30 June 1989

RECORD PROFIT

£135 million

► STRONGEST EVER FINANCIAL POSITION

Capital Funds: £1,620 million

Net Debt/Capital Funds: 67.2%

SHARE PRICE OUTPERFORMING MARKET

Compound rate of return 1985-89: 26%

► SIMPLIFIED GROUP STRUCTURE

"The task before us...is to combine the disciplines of a large financial organisation with an extension of the original entrepreneurial flair which has always characterised the BIL image." Sir Ron Brierley



BRIERLEY INVESTMENTS LIMITED

For full details of the Company's performance so June 30, 1989 or to receive a copy of the Annual Report to be distributed in early Necember contact FIN Beyer, London Director, 3rd Floor, 10 Eastelreap, London EC3M 1DJ.

Te ephone 404, 621 9072, Facsimile 401 623 9048...

NEW ISSUE ACTIVITY expanded on Eurobond markets yesterday, with a debut fixed-rate dollar deal for Malaysia attracting most attention from syndicate officials. Underlying market conditions continued to be discouraging.

The \$200m seven-year deal was launched by Goldman Sachs with a 9% per cent coupon and was priced at 101% to

INTERNATIONAL BONDS

yield some 103 basis points over the equivalent US Trea-

Geldman reported strong demand for the peper, and was quoting the bonds at 99.85 bid, a discount of 1% points to the issue price. In late trading there were bids away from Goldman at 99.70.

Proceeds were unswapped. Traders said the deal was sold very quickly, with Far Eastern investors dominating orders.

There was comment that the pricing did not leave enough room for asset swapping.
Levels of roughly 15 basis
points over Libor were not enough to attract asset swaps

H	EW INTE	RNATIC	NAL	BOND	ISSU	ES
Borrower US DOLLARS	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
Riedel Env.Tech.\$6 **	20	7	100	1999	n/a	Tucker Anthony Inc.
GMBS Int. No.34	100	914	10112	1994	14/5	Bankers Trust Int.
Malaysia 🔷	200	812	1013	1996	14/5	G.Sechs Int.
Shinagawa Fuel®®	100	(41 ₈)	100	1993	132/34	Yamaich! int (Europe)
Hyundai Motor (America)†	40	(6)	100	1998	45bp	Man. Hanover. (Asla)
saue update: Johan Kosan Co.Ф∳(a)	100	35	100	1983	112/4	Nikko Secs
YEN Postipankki∳	2.2hm	84	1013	1991	36/12	Nippon Credit Int.
D-MARKS	40	451	100	1994		Dreadner Bank
Shinagawa Fuelo Kurosaki Refractorieso	100	(15g) (15g)	100	1984	112/3	Deutache Bank
CUe					7.0	
Du Pont (El) de Nomours🔷	100	ė	1014	1992	3/2	CSFB
Banque Nat. de Paris	100	914	101.20	1992	3/12	BNP Cap. Mkts.

for what is still perceived as a maturing credit. Other houses are thought to have bid for the mandate at levels which would have allowed asset swaps at around 25 basis points over

over 8 month Libor.

Bankers Trust launched a \$100m five-year deal for GMBS International No.3, a special-purpose vehicle backed by a pool of mortgages originated by the Town & Country Building Society in Western Austra-lia. The bonds carry the guar-antee of Financial Security

The launch spread over Treasuries was 85 basis points. large enough to attract demand mainly from Japan, Switzerland and the UK.

The bonds were trading around fees at less 1.85 bid.
Proceeds were swapped into

floating-US dollars and then on into Australian dollars. Two three-year Ecu deals were issued, driven by a wide opening of the swap window

over recent days.

CSFB brought an Eculoom
deal for Du Pout, while in the
afternoon BNP Capital Markets it is understood the proceeds were swapped into US dollars.

issued an Eculoom deal for its parent bank. Both the deals were trading on fees at less 1%

Traders said demand for the paper was allow, as the deals were competing with existing unplaced bonds in what has become a very soggy market.

While the pricing on the deals was described as aggressive, retail demand should eventually soak up the paper. Neither lead manager would comment on swap activity, but

US Treasuries slow in lacklustre trading

Technical Data ATLAS Price Sources

Today's release of the

August leading indicators index is not expected to move

By Karen Zagor in New York and Rachel Johnson in London

THE DEBT market was essentially flat yesterday with US Treasury bonds moving in

a narrow range in lacklustre trading.

In late trading, the Treasury's benchmark 30-year bond was down & point at 98 %, yielding 8.25 per cent. At the

GOVERNMENT BONDS

sbort end of the yield curve, h point at 98%, yielding 8.43 per

The dollar remained resilient in the face of concerted central bank selling for a fourth consecutive day.

In afternoon trading the dollar was quoted at Y140.55 and DM1.8815, marginally above its levels late Wednesday in New York of Y40.32 and DML8805. German Bundesbank to hike

		Coupon	Red Date	Price	Change	Yleid	Week	Month
UK GILTS		13.500 9.750 8.000	9/92 1/98 10/08	104-14 95-02 94-18	-5/32 -4/32 -2/32	11.69 10.65 9.63	11.14 10.38 9.46	10.76 10.09 9.24
US TREAS	URY *	8.000 8.125	8/99 8/18	97-29 98-17	+0/32	8.31 8.26	8.15 8.14	8.26 8.20
JAPAN	No 111 No 2	4.600 5.700	6/98 3/07	98.2822 105.5452	-0.318 -0.490	5.22 5.10	5.33 5.15	5.08 5.01
GERMANY	,	8.750	6/99	98,2500	+0.050	7.00	6.87	6.81
FRANCE	BTAN	8.000 8.125	7/94 5/99	96.1114 96.1100	+ 0.093	8.02 8.72	8.89 8.57	8.67 8.45
CANADA	•	8.500	10/98	98,1500	+0.050	9.82	9.55	9.53
NETHERL	ANDS	7,250	7/99	99.3000	-0.150	7.35	7.20	7.15
AUSTRAL	A	12.000	7/99	91,4779	-0.754	13.59	13.45	12.94

London closing, "denotes New York closing session
Yelda: Local market standard Prices: US, UK in 32nds., others in decimal

changing hands at 9% per cent, the Federal Reserve arranged some of its key rates when it meets next Thursday. How-\$1.5bn customer repurchase

ever, the reasons for the increase are thought to be

Fed funds closed at 9 per cent. When the funds were the debt market, unless it is wildly out of line with the expected increase of 0.3 per

for Monday's purchasing man-

Wall Street is now waiting

■THE UK government bond market was troubled by ster-ling's performance on the foreign exchanges.
Although most of the market was confident that the Chan-

cellor would avoid any tinker ing with base rates ahead of next month's Conservative Party conference, gilts came in for short selling.

■ PRICES in the German government bond market opened slightly firmer after Wednes-day's slide, with bonds at the longer end fixed ten to 15 pfen-

A fillip was created by dealers covering short positions, but, generally, the market remained subdued.

Corporations, Dominion an Industrials Financial and Properties

ons, Dominion and Foreign Bonds

NatWest offers cash to owners of **\$500m FRNs**

By Andrew Freeman

NATIONAL Westminster Bank NATIONAL Westminster Bank has launched a cash offer to all holders of \$500m worth of perpetual floating-rate notes (FRNs) issued in 1984 by its financing subsidiary. The pur-pose of the offer is to replace the FRNs, which qualify as lower Tier II capital under Bank of England rules, with a perpetual variable-rate note (VRN) issue.

(VRN) issue.

VRNs carry terms which meet the Bank's requirements for upper Tier II capital. They will be the first sterling-denominated VRNs.

Merrill Lynch International is the arranger of the offer, which is open until 6 November. The deal is conditional npou acceptances being received for at least \$100m of FRNs. NatWest will then issue VRNs equal to or exceeding VRNs equal to or exceeding the amount of FRNs offered The price for the FRNs is 98% per cent of their principal amount, well above the notes recent market level of around 94 points. While the offer is thus clearly attractive to note-holders, some of them have used their holdings for

long-term swaps and may have difficulty undoing their positions. The expected terms on the new VRNs have been indicated. The notes will have an initial margin over three-month sterling Libor of around 3 point, with alterna-tive margins of 75 basis points for the first 15 years and 125 basis points thereafter.

Mees & Hope in joint venture

BANK MEES & HOPE, the Dutch merchant bank, is establishing a joint venture in the Channel Islands with the Jersey-based Ermitage fund

gement company. The new company Ermitage Mees & Hope will provide ser-vices to private clients including international investment management, trust services fund administration and insur ance services. Earlier this year Bank Mees & Hope bought the business of Shaw & Co., the UK private-client stockbroker.

US futures exchanges fight SEC rules before Congress

OFFICIALS from American futures exchanges were once futures exchanges were once again in Washington DC yes-terday defending before Con-gress the operation of their markets and attempting to fend off what they see as the incursions of a second federal regulator into their

They fear that legislation requested by the Securities & Exchange Commission that is currently before the House subcommittee on telecommuni-cations and finance could adversely affect their business, even though the bill is primarily directed towards the securities arena.

In spite of significant reforms intitlated by the exchanges themselves in the

wake of the 1987 market crash, the SEC is still concerned to reduce the scope for manipulation in arbitraging between futures and equity markets.

One proposal the Chicago Mercantile Exchange contests. Mercannie Exchange contests, for instance, is that large stock index futures traders should report their positions to the SEC, in addition to their current obligation to file with the commediate Principal Trading Commodity Futures Trading Commission, the futures watchdog with specific over-sight for stock index futures.

Another controversial provi-

sion is that futures market par-ticipants associated with SEC-registered brokers should file financial reports with the SEC again a duplication of their

efforts, they argue.

The legislation also encourages the formation of a unitled clearing system between futures, options and equities markets, an avenue the exchanges are keen to explore in their own, rather than congress's, time.
The potential jurisdictional

overlap between the SEC and the CFTC has become increasingly awkward as cash and futures markets arbitrage techniques grow more complicated. A recent court decision that equity basket products that had been trading in New York and Philadelphia under SEC-flat were in fact futures contracts resulted in the suspension of the new instruments, excent for Bundarian purposes

except for liquidation purposes

Banks ahead of Basle schedule

By David Lascelles, Banking Editor

THE GREAT majority of the world's leading banks have managed to meet the first stage of the new international capital requirements ahead of schedule, according to a global banking report by Merrill Lynch

The survey of 55 banks released yesterday showed that most of them had "Tier 1" capital above the 4 per cent mini-mum, but many of them were still below the Tier 2 requirement of 8 per cent. This, how-ever, is not due to be fully implemented until 1992.

Tier 1 consists mainly of equity, Tier 2 includes other forms of capital such as debt. and the ratio is calculated according to the "Basle" for-mula of risk weightings.

BANKS RANKED BY CAPITAL STRENGTH Total capital to risk assets based on Basis rafio(%) O'seas-Chinese Dev Singapore United O'seas

Banco Popular Banco Santande Bilbao Vizcaya Bank of Ireland Merrill says the French banks are notable laggards, but Canadian and some US banks

JP Morgan

Royal Scotland

also fall below the required lev-The banks' greater strength means that over a third of those in the survey could now write off their Third World loans without needing new capital. A further 15 would lose less than 10 per cent of their equity, but 14 would lose over half. These include two Canadian, four French, three British

and five US banks. The survey says that banks' greater openness makes it pos-sible to form better judgments about their hidden reserves. The Merrill analysts say that Japanese banks have "virtually limitiess" hidden reserves created by conservative valua-tions of property and securi-ties. Among European banks, the premium rating of Deutsche Bank is due to its extensive holdings of industrial

India sets Rs150m bank start-up figure

By R.C. Murthy in Bombay

BARCLAYS BANK, Sanwa Bank and Bank of Foreign. Affairs of USSR, all of which are shortly to open branches in India, will each need a start-up capital of Rs150m (\$9m). This is the first time the

Reserve Bank of India has stipulated minimum capital requirements for foreign banks opening branches in India. At present 21 foreign banks

THE OPTIONS market was turbulent yesterday ahead of this

turbulent yesterday ahead of this morning's expiry of the FT-SE 100

The total antions turnover was

pared with 59,636 on Wednesday, and a recent daily sverage of around 30,000. Total volume was

divided between 25,636 calls and 26,367 puts
The FT-SE 100 Index comwith 137 branches accept deposits and make loans locally, and another 18 foreign

hanks have branch offices.

Three further foreign banks

BHF Bank of West, Germany, Banca Commerciale Italiana and National Bank of Australia — are to open repre-sentative offices soon. The Rs150m capital stipula-

tion will not apply to existing

LONDON TRADED OPTIONS

technical trade, with the business

evenly split between puts and calls. The size of the trade

market maker was preparing to

pull out of stock and options trad-ing today. Large losses on the stock market yesterday also encouraged talk of withdrawals from equity market making. The busiest individual option

was STC, the computer and elec-tronics firm. Tracers linked the

led speculation that the

foreign banks, which are asked to fulfil two other conditions. They can remit only 80 per cent of their profits and must use the balance to build local

The Reserve Bank also wants foreign banks to lend more to small Indian businesses, a stipulation which brings foreign banks more into line with domestic banks.

nearly double the equivalent turn-over by the underlying security on the stock market. The total included 2,850 calls and 2,368

puts. January 360 calls were the

contract was the December 300 call, which turned over 512. Asda

Elgewhere, Blue Circle featured, trading 2,085 contracts, comprising 1,371 calls and 714 puts. The most actively traded

ing over 1,050 contracts.

LONDON MARKET STATISTICS

RISES AND FALLS YESTERDAY

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS	TI	ursday	Septe	mber 2	28 194	B 9	Wed Sep 27	Tue Sep 26	Moq Sep 25	Year ago (approx)
Fis	& SUB-SECTIONS ures in parentheses show number of stocks per section	Lodex No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	ad adj. 1989 to date	Index No.	index Ro.	Index No.	ladest No.
1 2 3	CAPITAL 600DS (208) Building Materials (29) Contracting, Construction (37)	1151.39 1563.26	-1.4 -1.2 -0.7	11.47 13.24 15.54	4.36 4.75 4.83	10.68 9.45 8.40	24.39 29.34 41.25	971.03 1164.92 1574.60	973.24 1173.23 1580.36	986.14 1192.03 1594.98	791.40 983.91 1559.96
5	Electricals (9) Electronics (30) Mechanical Engineering (56)	2817.12 2107.98	-2.4 -1.4 -1.2	9.20 10.64	4.23 3.48 4.31	13.95 14.03 11.47	55.83 48.92 12.43	2886.75 2138.58 529.34	2866.51 2132.56 531.16	2895.67 2169.39 537.32	2193.78 1705.63 413.69
8 9 10	Metals and Metal Forming (6)	370.63	-2.2 -0.9 -1.7	20.63 9.99 9.49	6.01 4.24 4.32	5.34 11.73 12.43	15.15 9.64 50.40	509.46 374.86 1764.68	511.73 373.28 1372.70	514.05 377.65 1797.52	499.50 281.17 1342.06
22	Other lodustria) Materials (23) CONSUMER GROUP (184) Brewers and Otstillers (22) Food Manufacturing (20)	1469.48	-1.6 -0.9 1.2	9.04 9.83	3.32 3.33 3.69	15.06 15.84 14.29	23.49 25.65 23.38	1172.59	1347.54 1481.17 1179.98	1160.29 3498.27 1187.84	1963.88 1141.44 962.85
29	Food Manufacturing (20) Food Retailing (14) Health and Household (14) Leisure (34)	1737.24	-2.6 -2.4 -1.9	8.12 6.20 7.48	2.79 1.91 3.25	16.28 19.00 16.51	38.73 22.32 32.46	2551.49 1771.28	2619.84 2555.34 1781.64	1798.37	1882.48 1364.81
32 34	Packaging & Paper (25) Publishing & Printing (19) Stores (32)	3732.54 841.50	-0.7 -1.3 -1.5	10.47 0.52 10.24	4.37 4.51 4.38	11.87 15.10 12.75	18.54	609.16 5781.25 854.05	604.74 3794.28 856.55	608.85 3830.46 864.84	536.85 3350.93 746.44
40 41	Textiles (14)	1179.62	-0.3 -1.2 -0.6	9.97 9.97 6.86	5.14 4.12 2.31	12.11 12.16 18.80	23.12	570.93 1193.43 1566.88	574.11 1195.55 1556.86	577.98 1210.87 1564.79	504.39 899.68 1961.62
43 45	Chemicals (22) Conglomerates (13) Transport (13)	1656.98 2370.37	-1.0 -1.4 -0.8	11.69 18.32 9.41	4.91 4.93 5.94	10.08 11.40 13.58	41.28 28.94 44.09	2389.49	1302.14 1688.95 2393.27	1706.76 2424.23	1057.29 1231.56 1923.50
47 48 49	Telephone Networks (2)	1935.62 1203.16	-0.9 -1.8 -1.4	10.63 0.99 9.62	4.31 3.35 5.82	12.27 12.56 12.82	22.38 44.32 25.13	1971.79 1220.68	1945.87 1224.45	1195.84 1946.18 1238.18	961.48
	0 & Gas (15)		-2.0 -1.5 -1.2	9.67	5.60 4.06 5.22	15.16	86.44 30.10 26.30			2216.14 2321.30 811.34	
62 65 66	Banks (9) Insurance (Life) (8)	808.57 1200.70	-2.8 -0.8	21.33	6.18 5.27 5.72	6.16	34.88 45.37 24.09	825.32	826.43 1207.78 658.78	834.25	680.58 1094.16 538.30
67 68 69	Insurance (Brokers) (7)	996.53 393.50 1323.84	+1.4 -1.9 -1.2	7.54 6.66	6.31 4.16 3.06	17.66 19.14	44.55 9.45 19.01	982.56 397.74 1340.10	981.46 396.93 1336.93	983.14 402.94 1342.96	944.23 334.05 1193.48
70	Other Financial (31)	361.60 1255.49 690.32	-0.9 -0.2 -3.2	11.84	6.09 2.70 3.90	10.19	10.74 19.44 22.25	364.78 1257.78 713.41	365.76 1262.55 722.39	367.68 1268.95 727.53	361.64 912.10 596.43
91	Overseas Traders (8)	1402.41 1166.47	-1.4 -1.4	9.75	5.57 4.20	11.76	43,67 20.93			1457.45 1197.67	1328.12 946.56
	FT-SE 100 SHARE INDEX	Index No	Day's Change -39.5	0ay's High (2) 2323.1	Day's Low (b) 2291.7	Sep 27 2331.2	Sep 26 2336.1	Sep 25 2359.4	Sep 22 2370.2	Sep 21 2380.9	Year 200 1829.8

	FIX	ED !	NTE	RE\$1	r			AVERAGE GROSS RECEMPTION YIELDS	Thu Sep 28	Wed Sep 27	Year ago Capprox.
	PRICE INDICES	Thu Sep 28	Day's change %	Wed Sep 27	xd adj. today	xd adj. 1989 to date		British Government Low 5 years	10.16 9.59 9.45	10.11 9.56 9.43	9.73 9.41 9.11
1	British Government Up to 5 years	116.19	+0.02	116.17		9.42	4 5	25 years	11.11 9.99	11.10 9.97	10.13 9.63
2		130.61		130.75 139.96	- -	9.84 11.64	9	25 years	9.57 11.23 10.19	9.56 11,20 10.17	9.27 10.23 9.79
4	Irredeemables,	162.94 128.42	-0.14	163.17 128.50	-	8.83 10.63	1.2	· 25 years	9.72 9.49	9.70 9.47	9.33 9.68
<u>ٽ</u> 6	Index-Linked	139.09		139.44	_	2.26	111	Index-Linked Inflation rate 5% Syrs. Inflation rate 5% Over 5 yrs.	3.43 3.61	3.34 3.60	3.37 3.90
7	Over 5 years	137.20 137.23	-0.07	137.30 137.34	-	2.89 2.82	13	Inflation rate 10% 5 yrs Inflation rate 10% Over 5 yrs	2.60 3.44	2.51 3.43	3.90 2.26 3.73
<u>,</u>	Debestures & Louis			111.87	_	7.48	15 16	Beis & 5 years Leans 15 years	13.24 12.19	13.18 12.03	11.74 11.36
10	Preferense			88.59	-	4.24	17	25 years	11.63	10.43	11.05 19.26

Others	•		********				91		57			105
To	tals	•***					447		1,178			,313
			LON	iDO	N RI	ECENT	IS	SU	ES			
EQU	ITIE							_				
Name Price	Agrooms Paid an		1	989 1 Lew		Stack	Classey Price	+œ	Hex Dis.	Times Covid	Grand Yield	P.E. Ratio
57 120	F.P.	-			Babcock Int Birse Group	1. Group 10p		-1	13.0 LA.25	1.7	7.0 4.3	9.9 10.1
100 100 100 100 100 100 100 100 100 100	F P. F P.	:	33	31 108 74	April Cylind	OH TOD	125		15.2	12127	555528	1
100	F.P.	:	119 96 862	110 84 750	*Cooper Cla *Diamond C *Elan Corpo	itre 10p	5751 X 15 P 13 B 15 13	-1	1113	43	14	118 95 161 1731
:		:			Greytrians in ISS-lat Serv Leneraged O	Sys 0 OK:100 . Sys 0 OK:100 . Sportunity Tsl Sect. Orp. Y50 Syrise an Gas inv Tsl S	103		010%	5.0	12	16.6
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UK COMPANY NEWS

Strong increase reflects continuing strength in advertising receipts

TV-am rises 24% despite subscription costs

TV AM, the ITV franchise holder for breakfast television, raised profits by 24 per cent to 59.73m for the six months to July 31, despite suffering net costs of about £1m arising from the Channel 4 breakfast pro-

Ty am sells the advertising for the Channel 4 Daily, but the £1.54m which this added to revenues was more than offset by the £3.64m Channel 4 subscription incurred as a result of the new programme.

The strong overall increase in profits reflected the continued strength of advertising receipts which comprised all of the £86.09m (£28.83m) turn-

TV-am's share of total ITV

revenues rose from an average of 3.9 per cent for the last financial year to just under 4.5. per cent during the interim

Mr Ian Irvine, chairman, sald that the group was now focus-ing its efforts on winning the breakfast TV franchise from the beginning of 1998.

"Wa are confident of success, particularly now that we have resolved our relationship with the Labour party by the settlement of the dispute with the **ACTT** [Association of Cinematograph, Television and Allied Technicians]," the chairman

According to Mr Irvine, the Channel 4 Daily only receives significant andiences for its day and its weekday cartoons. Its failure so far to win large audiences is reflected in tha fact that a minute of advertising costs an average of £400



compared with £14,000 on Mr Anthony Vickers, sales

interim dividend is raised from

Central's little acorns will take time to grow into oaks. Only

four of the ten new profit cen-

tres are currently making profits and these add relatively lit-

tle to the bottom line. But

rojects like this are probably

the best thing for an ITV con-

number of other ITV contrac-tors TV-am was continuing to see a healthy increase in advertising revenues.

Earnings per share during the period increased from 7.50 to 9.5p and the interim dividend has been raised from 1.5p

O COMMENT

TV-am is creating its own big-gest problem in retaining the morning ITV franchise. Operating margins of 45 per cent and strong cash flows which have resulted in net holdings of 236m are bound to prompt hot competition for the newlicence. Performance between ders in 1991-92 should also be tempting. Unlike all of its con-

tractor to do with the funds thrown up by their lucrative

franchises. It stops them huy

ing overpriced foreign produc-tion companies and should pro-

vide a degree of protection

against the spectre of franchise

loss. But the problem for Central, like all of the ITV contrac-

tors, is that there are impor-

tant external factors over

which it has little control. In

tractor colleagues. TV-am will benefit from next year's change in the levy system, and should see savings in the region of about \$2m. The fact that it is the only national franchise and has a relatively targeted audience also provides some protection against slow-ing advertising spend. Channel 4 remains the problem, but is deducting no more than was expected and profits this year should still reach £23.5m. The prospective multiple of 9.2 is at the bottom end of the sector, which might seem strange in the light of the sector. the light of trading prospects. But the attraction of the franchise and the lack of pro-gramme libraries and studios makes TV-am a riskier bet

particular, it will be the com-

and will suffer from the slow

down in advertising growth. The latter means that pre-tax

profits will be held to about

£28.5m in the current year, pla-cing the shares on a multiple

of just under 12. This is at the

top end of the sector, but Cen-

tral remains one of the quality

MB Group

A good first quarter

and we've

only just begun.

TV stocks.

pany worst hit by the new levy

Helical Bar DIC **INTERIM RESULTS** for the half year to 31 July 1989 (unaudited)

"Helical's 6m sq. ft. portfolio is concentrated outside the South East in areas where values continue to rise. The annual rent roll is now £16m. The cautious position adopted last year stands Helical in good stead for the next 18 months". JOHN SOUTHWELL 28TH SEPTEMBER 1989

	6 months to 31, 289 £000	6 months to 31.788 £000	
Profit on ordinary activities before taxation	10,004	5,840	+71%
Earnings per 5p share	27.5p	16.5p	+67%
Interim dividends per 5p share	2.4p	0.8p	+200%

Helical Bar plc 11-15 Farm Street, London WIX 7RD

Increased advertising revenue buoys Central TV

6p to 7.5p.

COMMENT

asle sched

e start-up fo

1

AN INCREASED share of network advertising and a higher than usual dividend from Independent Television Publications belped lift pre-tax profits at Central Independent Television, the IBA contractor for the Midlands, 24 per cent to £11.3m for the six months to

But Central warned that growth in advertising revenue was slowing as a result of higher interest rates and said that September, like July and August, would show a fall in real terms.

It also expects to incur exceptional costs of over £2.2m for the full year as a result of continuing rationalisation which has seen stafflevels fall from 2,007 at the beginning of last year to 1,818 at present. The target is 1,700. Turnover, which was dis-torted by a change in account-

ing procedures for network programme sales, increased from £113.88m to £152.59m. But the improvement also reflected a rise in Central's share of total ITV advertising revenues from 13:3 per cent to 13.4 per

Mr Leslie Hill, managing director, described this as "a considerable achievement given the trend of advertising drift to the south and southeast." Turnover also benefited from an increase in overseas sales from £2m to £10m. reflecting the broadcast of

delayed programmes. The shift in geographical pattern of sales was a factor in the reduction of the exchequer levy payments, from £4.6m to

Mr Hill said that Central was concentrating on organic growth. This involves investment in a number of separate profit centres including its **Television Sales and Marketing** Services, which was set up jointly with Anglia Television and which starts operating in the next few days, and its TV facilities operation which yesterday won a £2.2m contract to make a space-based soap opera for BSB, the satellite

The establishment of several new profit centres is simed at adding new revenue sources and reducing costs. Along with other rationalisation measures, this is intended to offset the impact of the extra £10m-£12m which will be added to the exchequer levy under the new system which will be introduced next year.

Earnings per share increased from 22.1p to 26.8p and the

Exceptional costs increase AmBrit loss

AmBrit International, the USM-quoted oil and gas explorer, increased pre-tax losses from 2388,000 to £875,000 in the first half of 1989.

Revenues from oil and gas activities came out lower at £1.17m (£1.42m). There were exceptional costs of £549,000 (nil), which left operating losses at £700,000 (£261,000 prof-

There was an extraordinary debit of £250,000 (nil). Losses per share doubled to 3p.

The following companies have notified dates of board resplicing to the Stock Exchange. Such meetings are securify held for the perpose of coperioring dividends. Official Indications are not available as to whether the dividends are injurious or finels and the exhibitions are in the control of the securific training the control of the securific are injurious or finels and the exhibitions.

NOTICE OF REDEMPTION

THERMEDICS INC.

51/2% Convertible Subordinated Debentures, due 1996 NOTICE IS HEREBY GIVEN that Thermedics Inc. (the "Company") has exercised its right, pursuant to Section 6 of the Fiscal Agency Agreement dated as of April 1, 1886, to redeem on October 31, 1988 (the "Redemption Date") all of the Company's then outstanding 5½% Convertible Subordinated Debentures, due 1996 (the "Debentures").

REDEMPTION OF THE DEBENTURES Redemption Date: October 31, 1989

Redemption Price: The redemption price of the Debentures is 103% of the principal amount of the Debentures, together with interest accused from April 1, 1989 to October 31, 1989 in the amount of \$32.10 per \$1,000 principal emount of Debentures, making a total of \$1,082.10 payable on October 31, 1989, for each \$1,000 principal amount of Debentures not converted prior to the close of business on the Redemption Date.

Cassation of Interest and Rights of Debentursholders. On the Redemption Date, the redemption price of the Debentures not converted on or prior to the close of business on the Redemption Date will become due and payable and interest on the Debentures will cease to accrue. The Debentures will no longer be deemed outstanding after the Redemption Date and all rights with respect thereto will cease, except the right of the holders to receive the redemption price of interest accrued to the Redemption Date.

Redemption Procedure. Payment of the amount to be received on redemption will be made by the Company upon presentment and surrender of the Debentures (with coupons dated April 1, 1990 and subsequent statehed on eny Bearer Debentures) at any time on or after the Redemption Date at any of the locations set forth below at the end of

CONVERSION OF DEBENTURES INTO COMMON STOCK Prior to the close of business on the Redemption Date, the principal amount of any Debentures, or any portion thereof that is \$1,000 or a multiple of \$1,000, may be converted at the option of the holder into shares of Common Stock of the Company at a conversion price of \$11.58 per share (or approximately 86.36 shares for each \$1,000 principal amount of Debentures converted.)

Conversion Procedura. The Debentures may be surrendered for conversion prior to the close of business on the Redemption Date together with a written notice of election to convert such Debentures at any of the locations set forth at the end of this notice.

THE RIGHT TO CONVERT THE DEBENTURES SO CALLED FOR REDEMPTION SHALL TERMINATE AT THE CLOSE OF BUSINESS ON THE REDEMPTION DATE, NOTWITHSTANDING THE PRECEDING SENTENCE CEDEL AND EURO-CLEAR MUST RECEIVE INSTRUCTIONS FOR CONVERSION BY OCTOBER 24, 1989 AND OCTOBER 27, 1989 RESPECTIVELY FOR DEBENTURES HELD BY THEM.

The Bearer and Registered Debentures may be presented for radio or conversion at any of the following locations:

London WC2R 1ET England

Banque Internationale a Luxembourg 2 Boulevard Royal

Chemical Bank 55 Water Streat

Dagenham advance braked by margins

Dagenham Motors, the Essex-based Ford main dealer, lifted taxable profits from 21.35m to £1.95m in the first per cent to £62.81m. At the trading level there was a 15 per cent gain to £2.56m (£2.22m)

An unchanged interim dividend of 1.5p is payable from earnings of 7.9p (8.8p). A reval-uation of freehold properties threw up a surplus of £5.9m over book value. Net assets at the period end stood at £16m.

BOARD MEETINGS

Unaudited Results for 3 Months to 30 June:

- Businesses Turnover up 7 per cent to £76.9 million.
- Pre Tax Profit for Quarter \$28 million.
- Businesses Operating Profit up 16 per cent to £8.1 million.
- Dividend for 3 Months period 2p per share.

These are the first results of the Group since the successful merger of Metalbox Packaging with Carnaud of France.

 The next results will cover 6 month period to 31 December 1989, the end of the Group's new financial year

Stelrad's central heating and bathroom products business, increased sales and operating profits over the same quarter last year. These results were achieved despite some reduction in volumes

in the UK central heating market and flat trading conditions for

Stelrad's European business, in particular the Henrad radiator business, in Germany, Holland and Belgium, continued to enjoy stronger market conditions than in the UK and met sales and profit expectations.

UK bathroom products.

The cheque printing and business forms sector, operating largely in the USA, performed well with a significant improvement in both turnover and profits over the comparable period. Increasing efficiency within the Clarke Check's operations has been complemented by the successful integration of acquisitions made in recent years.

The recent acquisition of American Bank Stationery for £194M more than doubles the size of the Group's activities in cheque printing and business forms in the USA. This acquisition is fully in line with MB Group's strategy to develop its core businesses with carefully targeted investment.

The contribution of CMB Packaging to the Group's profits was ahead of expectations. This was an admirable performance following the rapid and successful combining of the two businesses. CMB is Europe's largest packaging business and is one of the top three in the world and has seen a significant appreciation in its share price since the announcement of the merger

The Group now has a well spread and balanced range of activities and markets which provide a sound basis for continued

MB Group plc Going for growth



MB Group plc, Caversham Bridge House, Waterman Place, Reading RG1 8DN

Vickers up

to £32m

helped by

disposals

VICKERS, the diversified

vickers, the diversited engineering, defence equipment and luxury car group, yesterday reported a 31 per cent advance in pre-tax profits to £32m, against £24.5m, for the helf year to June 30.

However, the hulk of this stemmed from a £6.5m positive critical in interest payments,

swing in interest payments,

mainly resulting from the sale of the Howson Algraphy litho-graphic printing plate business

in July.

Overall trading profits were up just 3 per cent which was below analysts' expectations.

Sir David Plastow, chairman, said most areas of the business

had performed well, with strong demand for Rolls-Royce and Bentley motor cars and continued higher profitability in marine engineering.

By Nick Garnett

Overseas earnings behind Redland's 18% advance

By Andrew Taylor, Construction Correspondent

PRE-TAX profits of Redland, one of Britain's biggest building materials groups, rose by 18 per cent to £104.1m during the six months to the end of

More than half of Rediand's profits, including those from associate companies, were earned overseas. The group is the world's largest roof tile producer and it also has large aggregate, concrete and road surfacing interests in the US and France.

Group turnover, excluding British Fuels, the fuel distribu-tion business which was sold last December, rose from £562.2m to £694m. Earnings per share increased by almost a quarter from 20.8p to 25.7p.

Operating profits in the UK rose by 11 per cent from £46.1m to £51.8m. The figure would have been even higher but for the affect of high interest rates on British bousebuilding and domestic repair, maintenance

and DIY sales.

Sales of bricks by Redland in the UK during the first six months fell by about 9 per cent, about the same level as Ibstock Johnsen, the UK and US brick manufacturer which reported its results on Tues-

day.

Both Redland and Ibstock managed to squeeze higher profits from lower brick sales as a result of higher prices maintained during the first half. Redland warned yesterday that brick sales could fall further if high interest rates

EAGLE TRUST, the UK

mini-conglomerate which is

the subject of an investigation

by the Serious Frand Office,

has obtained a Mareva injunc-

tion against the assets of Mr John Ferriday, its former chairman and chief executive.

The injunction prevents Mr Ferriday from selling or realis-ing any of his assets without

Meanwhile, Mr David James.

who was appointed Eagle's

new chairman on Wednesday,

said yesterday that the creditor banks had given him at least 12 months to restore the com-

pany's fortunes. He said that

he had taken the post on two conditions: that cash would be

available to run the company

in its current structure and

that he would not be cast in the role of liquidator.

"I am not going to flog off assets as fast as I can," Mr

Redland said yesterday that it had increased its share of the UK plasterboard market to 11 per cent, from 5 per cent ear-lier this year.

The company, which has just opened its first plaster-board manufacturing plant at Bristol, is in partnership with CSR, the Australian building materials group.

For many years, BPB has been the sole British manufacturer of plasterboard. It now faces competition from Knauf, a privately owned German company which has opened a factory near Sittingbourne in Kent, and from Redland and CCD. CSR, which until now has rted all its plasterboard.

Redland said increased comby about 5 per cent at the beginning of this year and by about another 5 per cent this antumn. Prices have also fallen sharply in France, where BPB and Knauf are also

began to curtail commercial and industrial development.

Profits from roof tiles in the
UK also rose in the first half
despite lower sales. Redland
sald only 15 per cent of group
profits were tied to the UK housing market.
Profits from aggregates in

Eagle Trust obtains injunction

James added, although one or two peripberal husinesses could be sold. "The vast major-ity of individual subsidiaries

The corporate finance

department of Coopers & Lybrand, the accountancy group, will henceforth act as

the group's financial advisers and Parrish will remain as bro-

ker. Eagle has now had four sets of financial advisers since the start of 1989 and four chair-

Mr James said he intended to run a relatively small board, and would announce four new

directors next week. At that

point, the three remaining survivors of the previous Eagle board, all non-executives, would resign. Mr James will

not be appointing a managing director, but will take a hands-on role himself.

He hopes to call an annual

men since last October.

are still profitable."

the UK, where Redland is one of the industry's big four sup-pliers, rose by about 40 per cent with volume sales of coated stone rising by about 16 per cent and sand and gravel by about 9 per cent.

The group, in common with other UK aggregate suppliers, will benefit from plans to increase spending on road, rail and water projects.

Overseas profits of subsidiaries increased from \$42.5m to \$44.1m. International profits however rose by 28 per cent, if earnings from associates of £15.4m are included.

Redland's West German tile business performed very well in the first half, matching the recent experience of RMC which also has large building materials interests in West Germany. German construction, having been in the dol-drums since 1985, has increased sharply this year. German housing permits in the first half were np by almost a

Trading was also strong in Australia where Redland has a roof tile and brick joint venture with CSR.

The performance in the US was more mixed. Sales of con-crete roof tiles increased by 50 per cent and profits rose at the Denver aggregate business. However, revenue from both east coast aggregates and

Texas declined. The interim dividend is increased by 20 per cent to

meeting by the middle of November, although the group's accounts for 1988 would not be ready by then. "I want shareholders to be able to

endorse the new board and to

hear a preliminary statement on my assessment of Eagle's affairs." He would then hold an

extraordinary general meeting when the accounts were pre-

Eagle has sent out Section 212 notices to discover the ben-eficial owners of a large num-

her of nominee holdings.

Shares in Eagla have been suspended since May. Meanwhile, Laforza, the

automobile company in which

Eagle had an interest, issued a

press release saying it had negotiated to buy-out the Eagle

holding. Mr James said that the sale was conditional and

the conditions had not yet

pared.



Peter Jarvis, left, managing director of Whithread, with Denis Cassidy, Boddington chairman

Diversified Boddington tops £7m with 9% growth

THE BODDINGTON Group, which is selling its brewing business for £50.7m to Whitbread, yesterday announced pre-tax

whithread, yesterday announced pre-tax profits 9.4 per cent higher at £7.3m for the half year to July 1, writes Lisa Wood.

The group, which over the past few years has diversified into nursing homes and strengthened its retailing activities with the development of new catering concepts, said that all its divisions shared in the profit growth with beer volumes increasing by 3 per cent.

Turnover, at 259.63m, increased by 32

per cent on last time's figure of £45.22m.
Some 18 per cent of the sales were
accounted for by new acquisitions with
Henry's Table pub restaurants and Village Leisure hotels increasing sales
by 24 per cent and 22 per cent by 34 per cent and 22 per cent respec-

Trading profits showed a 30 per cent to £8.32m (£6.7m). Trading profits from pub retailing increased by 21 per cent. Property profits, taken above the line, were £1.72m (£1.31m).

By Clay Harris

SEAFIELD, a warehousing and transport group which has emerged from the shell of an hish-registered industrial com-

pany, is expanding into retail property by paying an initial \$41.9m for Charterhouse Prop-erties, a privately owned devel-

oper.
The acquisition and the pro-

vision of £30m for working cap-

ital and to refinance Charter-hall's bank borrowings will be financed partly by a three-for-one rights issue at 150p. This will raise £55.7m net of

Seafield, formerly Seafield Gentex, is headed by Mr Den-nis Jones, who is also finance

director of Hazlewood Foods.

Charterhall, formerly headed by the late Mr David Bulstrode, specialises in the assembly of

Seaforth transfers stake

investment in new areas of development, rose to £3.56m (£1.54m). The disposal of the brewing side will eliminate borrow-

Basic earnings per share firmed from 5.38p to 5.58p and the interim dividend is raised 17 per cent to 1.35p. Mr Hubert Beid, Boddington's manag-

Mr Hubert Reid, Boddington's manag-ing director, said that in the future Bod-dington would have four divisions: pubs, hotels and restaurants, drinks wholesal-ing and health care, with the latter mak-ing a first time contribution.

retail sites to the specification of "anchor" tenants. Its latest development is a

15-acre site by Finchley Road underground atation. Marks and Spencer and J Sainsbury together will take half of the

360,000 sq ft of retail space. Charterhall retains owner-

ship of its developments at

least until the first rent review,

typically after five years. It has warranied pre-tax profits of at least £10.5m for the year to June 1990, and Seafield will pay up to another £10m in shares if it achieves certain

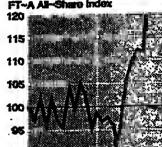
profit targets in 1990-91. Seafield's stockbroker Laurence Prust is forecasting pre-tax profits of £18m for the

enlarged group in 1990, with

net assets of £60m and no net borrowings.

in marine engineering. A substantial increase in orders for precision components, particularly for gas turbines, was secured and the medical equipment operation had raised its profits. Vickers

Share price relative to the FT-A All-Share Index



1989 Sales of continuing activities

rose from £226.8m to £269.3m; sales of discontinued activities were £105.8m (£154.7m).
The group sold Howson-Algraphy to Du Pont of the US for £241.7m, plus £5m of inter-

est. The trading performance of Howson is included in the results for the first five months. One month's interest on the money received from Du Pont is included in investment income.

Earnings per share rose from 6.6p to 8.6p. The interim divi-dend is stepped up to 3.3p (2.9p).

COMMENT

One way of looking at Vickers is that it is a potential take over target and that yesterday's figures did not help its cause. Sir Ron Brierley has a 12.2 per cent stake, the group has four discreet businesses some with excellent hrand names and it is also sitting on £200m of cash. Profits for Rolls-Royce could dip this year and the defence activities are still bound to suffer with the switch to the Challenger 2 programme. It is just possible though that Vickers' management will be left alone to get on with the business of using thecash pile for add-on acquisitions. tions over the next 13 months, and to see a gradual turn round in defence which could still prove extremely incrative. The shares slid on the results but that was exaggerated by the overall state of the market.

Kish Resources

Kish Resources reported third quarter results to March 30 showing operating revenues of £23,074 and an operating profit of £12,561. Other income was

After amortisation/exploration costs and administration costs there was a pre-tax loss of £201,012. There was also an extraordinary debit of £80,456.

July 1989

Interest charges, reflecting substantial Seafield buys developer Specialisation benefits

CLOSE BROTHERS Group, the merchant banking and investment management company, increased pre-tax profits by 63 per cent to £10.47m in the year

Earnings per share grew by 48 per cent to 16.22p (10.99p). A final dividend of 4.55p (3.35p) lifts the total by 35 per cent to

folio produced capital gains of £2.34m. Net assets per share increased to 176p (162p). Mr Roderick Kent, managing director, said the result under-

lined the benefits of specialisation. For example, Close Asset Finance, lent £50.8m on bigticket items such as German printing machines and made profits of more than £2m.

Expansion for PA Consulting with Danish consultancy buy

show through at Close

By Michael Skapinker

largest management and tech-nology consultancy, is to pur-chase Bakconsult, the biggest management consulting firm

in Denmark.
The initial payment of £4.5m will be followed by two further

profits-related payments in 1990 and 1991. Bakconsult is expected to years.

PA Consulting Group, Britain's have 1989 revenues of £8.8m. with pre-tax profits of £1.3m.
The purchase follows PA's acquisition last June of Hartmark IRAS, Norway's largest ement consulting firm. PA has said it intends to

acquire a listing on the inter-national Stock Exchange in London within the next three

6.5 per cent to £25.08m. Earnings per share were 2.35p, down from 3.16p, but the

interim dividend is maintained

Seaforth Investments, a Robinson to Drayton Consoli-leisurewear and fighting com-pany, owned by Mr Maurice Dwek and funds managed by MIM, has transferred its 25 per cent stake in jeweller Owen & MIM, will hold the shares for two years.

DIVIDENDS ANNOUNCED

·	Current		ponding	for	last
	payment	payment	dividend	year	Aeen
Addison Consultint	0.5f		0.5	-	1.4
Boddingtonint	1.85	Nov 2	1.85	•	4.3
Central and TVint	7.5	•	. 8	-	25.5
Cotroy	5.5	Dec	_	7.5	-
Comm Hospitalsfin	0.5	Nov 10	•	4.5	3
Hadeo MaciellanInt	2.5†	Nov 21 -	1.5	-	5
Flecofin	41	Jan 5	3.2*	6.2	4.96
Epicure Indsint		Oct 30	0.28	-	. 1
FosecoInt	5	Jan 2	4.2		12.2
Frogmore Estsfin	8.4t	-	7.7	11	10
Geestint	2.75	Dec 29	2.25		5
Helical Barint	1.61	Nov 18	0.8	-	5.8
Jacks (William)int	0.9	Nov 20	0.9	-	2
MB Groupint		-	1.9	-	7
Ramar Textilestin	1.75	Jan 12	1.75	1.75	1.75
Rathbone Bros §Int.	1.6	Nov 15	1.5		5.5
Redlandint	7.5	-	6.25	=	19.81
Richards Groupint		-	nil		1.5
Saga GroupInt	2.3	Nov 13	2	-	7.28
Sykes-Pickeventsint	2.25	Nov 24	2.25	_	5.75
Thorpe (FW)	4	Nov 24	3.6	6.5	5.8
Time Productsint		Jan 5	2.5		6.5
TV-em §Int	2	-	1.5	-	8.5
Tyndall HidgsInt	2.5	Nov 10	2.5	-	5.5
United Nowsint	7.5	-	7.5	•	20.5
Vickersint	5.3		2.9	-	7.5
Whatman Reeveint	2*	Nov 10	1.5	-	8

Dividends shown pence per share net except where otherwise stated. "Equivalent after allowing for scrip issue. fOn capital increased by rights and/or acquisition issues. §USM stock. §Unquoted stock. §Third market. AFor 15 months. #For nine months. *Partly to reduce disparity. Follows first interim of 0.8p to reduce disparity.

Whatman Reeve hits £4.55m

WHATMAN REEVE Angel, a maker of filtration and purification equipment, reported pre-tax profit for the first half of 1989 np 11 per cent from

SA.08m to £4.55m.
Sales for the period were £24.66m, against £21.99m, with about half the rise due to the strengthening of the dollar.

Mr Andrew Smithers, chairman said the Relston division

man, said the Balston division showed excellent growth and in Whatman International both the laboratory and speciality products businesses reported good overall progress, although laboratory sales were restricted by dealer destocking particularly in North America. The industrial air filtration side was still not performing

satisfactorily, be said. Earnings per share came out at 13.39p (11.73p) and the interim dividend is increased to 2p (1.5p) partly to reduce disparity between the two pay-

Ramar Textiles surges to £837,000

A substantial recovery in profits was reported by Ramar Textiles for the year to May 36. The jump from £14,000 to £837,000 was scored on sales ahead to £24.68m. The comparable results were hit by a serious warehouse fire at the end

The directors said the second half was hit by a build-up of pre-sold stocks, but profitabil-ity was maintained due to increased efficiency. An unchanged interim dividend of 1.75p is payable from earnings

of 4.06p (0.24p).

The year-end is to be changed to June. The insurers have agreed to go to binding arbitration to settle the fire

Sykes Pickavant declines to £818,000

NEWS DIGEST

Sykes Pickavant Group, the manufacturer and distributor of antomotive and industrial service tools, yesterday announced a reduction to £818,000 in pre-tax profits for the six months to end-June. This compared with £830,000

last time and came from turn-over up from £7.55m to £8.65m. Interest payable rose to £90,000 (£11,000) and after tax of £286,000 (£253,000) earnings per share were 5.78p (6.26p).

The interim dividend is maintained at 2.25p.

Inoco edges ahead to £788,000

Despite interest payable rising from £618,000 to £2.57m, USM-quoted Inoco maintained its level of profitability in the six months to June 30, with the taxable result edging ahead from £776,000 to £788,000. Turn-

over, however, climbed 76 per cent from £2.25m to £3.96m. In March, the company acquired a 33.9 per cent stake in Gulf Resources & Chemical Corp for about £25m. Since Corp for about £25m. Since then Gulf's activities have been rationalised — the oil, gas and speciality clays businesses have been sold for about £18m. Gulf contributed £1.41m (nil). Property purchases totalled £20m, bringing the portfolio to £100m, with a net annual rent roll of £8m. Net rental income came to £2.57m (£1.67m).

came to £2.87m (£1.67m). Earnings fell to 0.33p (0.62p).

Interest charges check Wm Jacks

Higher interest charges hit tax-able profits at William Jacks, the vehicle distribution and servicing group, in the six months to July 31.

Pre-tax profits dipped from \$511,000 to \$404,000 as interest payable rose to £347,000 (£224,000). Turnover expanded

The move to larger pramises led to a decline from £1.5m to £1.24m in the pre-tax profit of FW Thorpe, maker of Thorlux lighting equipment.
Turnover rose 3 per cent to
£9.66m (£9.34m), with an 8 per
cent rise in the second balf.

Thorpe dimmed by

labour shortage

Current order books were full, but strong growth would not be achievable until the group regained the position of having a well trained, experienced and stable workforce, the directors pointed out.
Earnings were 26.8p (34.2p),
but the dividend is raised to
6.5p (5.8p) with a final of 4p.
There was an extraordinary

credit of £863,000.

This announcement appears as a matter of record only.

Oppidan Estates Limited

a £170 million joint venture property company

Storehouse PLC

London & Edinburgh Trust PLC

Goldman Sachs International Limited advised Storehouse PLC on the structure and formation of Oppidan Estates Limited

Rutland Corporate Finance Limited advised London & Edinburgh Trust PLC on the structure and formation of Oppidan Estates Limited

Goldman Sachs International Limited

Rutland Corporate Finance Limited

This announcement appears as a matter of record only.

July 1989

Oppidan Estates Limited

£130,000,000

Revolving Credit Facility

Arranged by

Morgan Grenfell & Co. Limited

Funds provided by

The Bank of Nova Scotia Lloyds Bank Plc

Bank of Tokyo Group Midland Bank plc

Clydesdale Bank PLC

The Toronto-Dominion Bank

Morgan Grenfell & Co. Limited

Agent

Morgan Grenfell & Co. Limited

UK COMPANY NEWS

Move up-market as agonies pile on

Maggie Urry describes the refurbishment taking place at Lowndes Queensway

R EDDIE DAYAN is having his entire house recarpeted in a discreet beige coloured, luxury carpet. The chief executive of Lowndes Queensway, the fur-niture and carpet retailer, must wish that a few more people would do the

rindari ilikuk a japineran

Vicken.

Trade is still difficult, although with the hot weather over, there has been a brisker feel to business. Like for like sales in furniture are now "up a hit," says Mr Dayan, though he cannot yet say the same for

carpets.
Customers are getting used to higher interest rates, and are passing the extra mortgage costs on to their employers through wage increases, Mr Dayan says. The last thing we need now is another mortgage rate view.

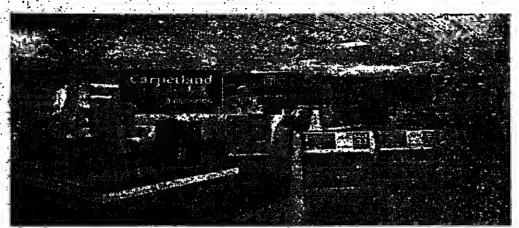
rate rise.

The company's short history, since the leveraged takeover in August last year of Harris Queensway, has not been happy.

Mr Dayan admits that the

business was in much worse shape than expected, with management information systems badly lacking. Weekly sales figures were based on the money in the till at the week-end, with no idea of what had to been sold at what cost and what price. Margins were esti-

When the market collapsed too, with high interest rates cutting house sales, the company was driven into a refinancing, involving a rights



The new-style Carpetland shops have brought the fitted carpets to the front of the shop, banishing the rolls of cut-length carpets to the back of the store.

The £18.5m issue was this week taken up by 96.5 per cent of shareholders. Just as last minute decisions to pay the 20p a share price were being taken hy investors, Mr Dayan was showing off some of the

group's new stores to stock-broking analysts.

A new shop has heen launched called Traditions. This is intended to solve the problem of selling furniture in small high street shops, often with only 6,000 or 7,000 sq ft of sales area compared to the ont-of-town giants with 25,000 sq it and car parking

space.
Traditions takes only part of the range — concentrating on traditional style furniture for living and dining rooms only,

and at higher prices. Mr Dayan being repositioned, with the describes the interior of the shop as like a cinttered Victocarpets on sale npgraded. Instead of rolls of cut length rian* room. One analyst likens carpets in the front of the it to "a brasher Laura Ashley." shop, giving a cheap image, the emphasis now is on fitted car-Everything in the room sets is for sale, including wallpaper, china and lamps, all delivered to the customer's home. The Instead of two names - Harris Carpets and Carpetland -

first store is showing a sales gain of 31 per cent in its first there is now one, and the advertising budget has been doubled to £4m. This means, Out of town, Queensway is refurbishing its furnishings stores and attempting to make Mr Dayan says, that the Carpe-tland name will have four them look less like cheap and nasty warehouses, or "sheds." Thosa which have been times as much spent on promotion. The shops which have been changed over are showing more than a 25 per cent sales refurbished are showing 22 per cent sales gains, Mr Dayan

Across the group, a new computerised stock control sys-

tem is being introduced, and a switch to direct delivery of furniture from suppliers to cus-tomers is being engineered. This has involved the suppliers in large start-up costs, which indicates their confidence in

backing the group.

Lowndes will he ahout three-quarters of the way through its plans by the end of the financial year in January. Eventually the cost savings should be sobstantial from moves like faster ordering, the elimination of mistakes, e reduction in the number of group warehouses from 69 to five and much tighter control of stock and margins. Cus-tomer service should improve, which could in turn boost

The question is: Can Lowndes get there before its cash runs out? Mr Dayan argues thet so long as the refurbished stores continue to produce good sales gains and the market gets no worse, the group will pull

It is coping with the current seasonal peak in working capital, and hy the time next year's late summer peak is reached the cost savings should have started coming through, he argues. He hopes to make a profit in the second half profit in the second half of the current year, after a loss in the first forecast at

In the year since the takeover, Mr Dayan says, despite the traumas, "I have never thought it would not come

revolving loan repayable in 1994-96. It has more than £20m In the current six months

Earnings per share were 27.5p (16.5p). A second interim of 1.6p is being paid, which together with the first, makes

Addison declines to £306,000

ADDISON Consultancy Group which has emerged from months of takeover specula-tion and disposals as a market research group, saw profits alip from £320,000 before tax to £306,000 in the six months

Turnover was also down, hy 31 per cent to £28.3m (£40.9m) following restructuring which has involved the sale of Che-twynd Haddons, Addison's consumer advertising agency,

and the design division.

Continuing businesses —
excluding those still earmarked for sala — made
£689,000 before tax on turnover of £9m. MAI, the market research, advertising and financial ser-

averusing and mancial services group, bought a 24 per cent stake in Addison earlier this year, and put itself for-ward as a possible bidder. However, it came up against opposition from some Addison directors and from Motivac-

tion, a French market rese company now called Virtus, which bought 26 per cent of Addison and has won seats on

the board. Virtus said in April that it would not mount e bid for at least 12 months and MAI has since discontinued discussions about a possible offer.

Ms Elizabeth Nelson was ele vated to chairman of the main board in June after a serious boardroom split and resigna-tions of most of Addison's pro-

fessional advisers.

The principal brake on first half growth at Addison was Streets Communications, the financial public relations and advertising group, which was held back by the slowdown in financial advertising. A proposed management huy-out of the division fell through during the first half, and in the meantime Streets lost £500,000 (£280,000) before tax. Addison, which has cut staff

at Streets by a third, is now back in talks with the division's management and with other interested buyers, in an attempt to sell the business this year.

There was an extraordinary gain of £2.41m on the sale of Chetwynd Haddons.

There was a loss of 0.05p per share for the first half (earnings 0.07p), and the interim dividend is unchanged at 0.5p.

Colroy Homes

RESIDENTIAL DEVELOPMENT Year to 31st July, 1989

ical to sist july, 1707						
	1989 £000	Change	1988 £000			
TURNOVER	20,428	+39%	14,651			
PROFIT BEFORE TAX	4,373	+68%	2,604			
SHAREHOLDERS' FUNDS	12,215	+20%	10,200			

The proposed final dividend is 5.5p per share making a total of 7.5p per share for the year. Copies of the report and accounts available from: The Company Secretary, Colroy plc,

212 Bellingdon Road, Chesham, Buckinghamshire HP5 2NN Telephone 0494 775301

COLROY plc



Floating Rate Participation Certificates Due 1992 issued by Morgan Guaranty GmbH for the purpose of

making a loan to Istituto per lo Sviluppo Economico dell'Italia Meridionale

(a statutory body of the Republic of Italy incorporated under Law No. 298 of April 11, 1953) In accordance with the terms and conditions of the

Certificates, the rate of interest for the Interest Determination Period 29th September, 1989 to 31st October, 1989 has been fixed at 91/16%. Interest accrued for the above period and payable on 31st January, 1990 will amount to US\$80.56 per US\$10,000 Certificate.

Morgan Guaranty Trust Company of New York

The United Mexican States US\$2,556,093,000

Collateralized Floating Rate Bond Due 2008

In accordance with the terms and conditions of the Bonds, the rate of interest for the interest period September 29, 1989 to March 30, 1990 has been fixed at 1011/16% per annum. Interest payable on March 30, 1990 will be US\$13,507.81 on each US\$250,000 principal amount of the Bonds.

Agent
Morgan Guaranty Trust Company of New York London Branch

At the same time, Carpe-tland, the carpet retail chain, is All-round advance at Eleco

By Jean Marshall

.. =====

. . .

CORMEN

WITH ADVANCES in all divisions, Eleco Holdings, the building products, distribution and property and construction company, reported a 31 per cent rise in pre-tax profits in the year to June 30,

The rise from £5.41m to £7.08m was achieved on turn-over up 51 per cent from

£48.05m to £72.68m. Mr Field Walton, chairman, said the group had been successfully restructured into five areas of expertise. The results reflected partly the benefits of that strategy, he said, in both management strength and financial returns.

The impact on the group from the depressed residential housing market had been minimal, Mr Walton said, because of involvement in commercial developments and the broader spread of markets for its other

In building products, where opportunities were arising on the Continent, profits and turnover rose by 26 per cent to £1.72m and and 8 per cent to

Specialist contracting had experienced a year of recovery after some difficult contracts previously. Turnover rose by

67 per cent and the division turned from losses to produce record profits of

The purchase price of the Durable Contracts acquisition had been recovered in its first Profits in distribution ser

vices advanced by 52 per cent to £308,000, and property devel-opment and investment both had a good year. An unchanged final dividend of 4p is proposed, to maintain the total at 6.2p. Earnings worked through at 17.7p (13.5p) per share, after tax of £2.2m

Helical Bar vaults 71%

By Nigel Clark

HELICAL BAR, the property trader and developer, increased pre-tax profits for the six months to July 31 by 71 per cent from £5.84m to £10m.

The improvement reflected the sale of a little more than half of its prime office development in Bristol and sales of trading stock in south Wales and the rest of the UK. Directors said there had also been sizeable growth in rental incoma, with the net figure up from £2.81m to £5.44m.

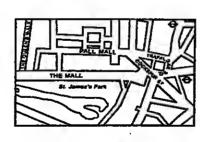
During the period the investment property holdings were refinanced on a longer-term basis by raising a £100m cash in hand and capped interest rates on £150m for the next five years.

Helical has sold trading stock worth more than £27m. New developments in Manchester. Leeds and Peterlee, Durham are in hand.

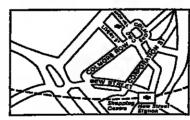
2.4p, against last year's 0.8p, and belps to reduce the disparity between the dividend pay-

SPREADING OUR WINGS

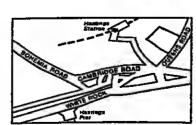




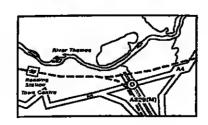
LONDON - in Cockspur Street, just off Trafalgar Square, Speyhawk in co-operation with Reinhold, is completing a prime 100,000 sq. ft. office development.



BIRMINGHAM – just off Colmore Row, adjoining Snow Hill Station in the centre of Birmingham, Speyhawk is developing 900,000 sq. ft. of offices, the largest development of its kind in the city.



HASTINGS – based in the centre of the town, off Queen's Road, Speyhawk will commence in Spring



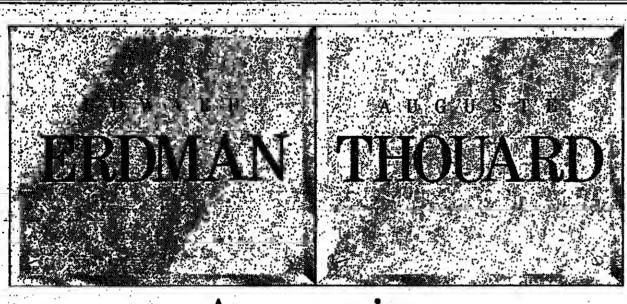
1990, a major development which will provide the South East with a leading regional shopping centre.

READING – close to the town centre, at the end of the A329(M), Speyhawk is creating Thames Valley Park, a 200 acre premier business park on the bank of the River Thames.

Speyhawk is dedicated to creating developments of exceptional quality - nationwide.

SPEYHAWK PLC

1 JAMES STREET, LONDON WIM 5HY . TEL: 01-499 6060 . FAX: 01-495 1413



Announcing the new force in European **Property Services**

In a move that will create one of the largest property consultancies in Europe, Edward Erdman, leading UK surveyors and Auguste-Thouard, the number one firm of property advisers in France have announced the first steps towards a merger. There will be an immediate and significant equity exchange, with the intentaking place in three tion of a full merger

years' time. The combined market its services from early 1990, will personnel working in six offices in France, United Kingdom and

A joint statement

organisation, which will under a single identity have more than 900 Europe through twentyfour offices in the an office in Spain. issued by Charles M. Lee. Erdman and Jean-Michel

Chairman of Edward Andrieu, Directeur Générale of Auguste-Thouard notes: "The intended merger marks a turning point for the UK and French property industries, being the first time two such organisations have

entered into a true merger agreement. As our clients become progressively more international, it is vital that we match services - without compromise - to their needs."

> Corporate Finance advisers: Société Générale ANZ McCaughan Lawyers to the transaction: Clifford Chance (Paris) S.J. Berwin & Co.

In London: Jon Gooding · Edward Erdman 6 Grosvener Street · London W1X OAD · Tel: 01-629 S191 In Paris: Jean-Claude Saunier - Auguste-Thouard 17 rue d'Astorg - 75008 Paris - Tel: 42 65 54 07

AUGUSTE-THOUARD

The Kingdom of Thailand U.S.\$60,000,000 Floating Rate Notes due 2005

Electricity Generating Authority of Thailand U.S.\$195,000,000 Floating Rate Notes due 2005

Petroleum Authority of Thailand U.S.\$145,000,000 Floating Rate Notes due 2005

In accordance with the terms and conditions of the above notes, notice is hereby given that for the 6 month interest period from 28 September 1989 to 28 March 1990 (181 days), the notes will carry an interest rate of 91,4%

The interest payable on the next payment date, 28 March 1990, will be U.S.\$11,548.18 per U.S.\$250,000 nominal amount and U.S.\$230.96 per

28



Paine Webber Group Inc. U.S. \$200,000,000

Subordinated Floating Rate Notes Due 1993

For the six months
29th September, 1989 to 30th March, 1990 the
Notes will carry an interest rate of 97/16 per cent.
per annum and interest payable on the relevant interest peyment date 30th March, 1990 will amount to U.S. \$477.12 per U.S. \$10,000 Note and U.S. \$4,771.18 per U.S. \$100,000 Note.

By Morgan Guaranty Trust Company of New York, London Agent Bank

Wells Fargo & Company

U.S. \$100,000,000

Subordinated Floating Rate Capital Notes due September 1997

In accordance with the In accordance with the provisions of the Notes, notice is hereby given that for the Interest period 29th September, 1989 to 29th December, 1989 the Notes will carry an Interest Rate of 91/16% per annum. Interest payable on the relevant interest payment date 29th December, 1989 will amount to US\$232.24 per US\$10,000 Note.

Agent Bank: Morgan Guaranty Trust Company of New York London

ALUMINIUM

The Financial Times proposes to publish this survey on:

25TH OCTOBER 1989

For a full editorial synopsis and advertisement details,

ANTHONY G. HAYES on 021-454-0922

> or write to him at: George House

George Road Edgbaston Birmingham 815 1PG

FINANCIAL TIMES

Foseco's 16% rise helped by global spread

FOSECO, the specialist chemicals and abrasives group. lifted pre-tax profits by 16 per cent to £24.5m in the half year to June 30. Turnover rose by 11

per cent to £288m.
The shares jumped 40p to 357p in June after the company discovered that US investors Mr Gilbert Scharf and his brother, Michael, had taken a 4.4 per cent stake in the company. Yesterday they closed down 4p at 348p. Mr Tony Chubb, chairman,

said: "It is very encouraging to see a strengthening of the group at a time when the short-term economic outlook is becoming more uncertain in the UK and a number of other countries."

the UK and a number of other countries."

Mr Chubb said the metallurgical chemicals division reported sound growth, adding:
"This was a good performance in view of the difficult economic situation faced by our South American companies and a deterioration in trading conditions encountered by a number of group operations number of group operations selling to the steel industry." Mr Bob Jordan, chief execu-

tive, said Foseco had reduced its exposure to the steel indus-try from about 40 per cent of turnover as recently as 1986, to less than 20 per cent now, Only about a quarter of the group's turnover comes from the UK.

Results in the construction
and mining chemical division
were much improved, with the
Middle and Far East making

particularly significant contri-butions.

Mr Chubb said results of the mining chemicals operations were varied; the continuing restructuring of the coal indus-try in the UK caused a number of problems, while in the US Celtite made good progress."
Investment in France, West
Germany. Japan and Korea
aimed to enhance Foseco's position as a global supplier to major automobile producers.

The abrasives operations produced mixed results in the UK; activity in the industrial market had been satisfactory, but the DIY market had been slow; its weakness also affected the bathroom fitments com-

pany. Earnings per share rose 18 per

Foseco Share price relative to the FT-A All-Share Index 110

cent to 16.3p (13.8p). An interim dividend of 5p (4.2p) is

COMMENT

1988

Foseco's share price will continue to be determined by the intentions of the brothers Scharf, which remain unclear. It seems unlikely that they could mount a bid which was not highly leveraged, and Foseco's range and variety of activities make it an unlikely candidate for a quick break-up. Analysts remain concerned that its main markets — steel, cars and mining — may all be near the top of their cycle. Prospective full-year profits of £48m put it on a multiple of 11, which has been boosted by a bid premium of about 35p to 40p per share. That premium is unlikely to disappear in the short term and will no doubt continue to obscure the lonthat its main markets - steel, continue to obscure the lon-ger-term, and more fundamen-tal, question of whether Foseco's spread of geographical interests should exempt it from the "cyclical" tag which the City bas continued to hold

Baillie Gifford Japan

Baillie Gifford Japan asset Raillie Gifford Japan asset value per ordinary share at August 31 was 780.91p (588.19p) and 711.34p (551.41) dilnted. Loss before tax for the year was £224.434 (£254,835). Loss per share 2.69p (loss of 2.96p).

UK COMPANY NEWS

Food preparation holds back Geest

GEEST, the fresh produce and prepared foods group best known for its banana import business, yesterday reported pre-tax profits of £11.3m in the six months to July 1, up from £9.16m in the same period a

year earlier. Sales in the first half were \$263m (£289m), and earnings per share - after a 29.7 (29.9) per cent tax charge - came to 11.4p (9.3p). The interim dividend goes up 22 per cent to

2.75p.
In terms of trading profit, there was a near 14 per cent increase on the fresh produce side to 59.2m, with good performance being reported on virtually all fronts.

The food preparation business fared less happily: with trading profits down from 2.760,000 to 2.57,000 on sales of 530.9m (£23.5m), despite the first contribution from Katies Kitchen.

Problems came on the fish side, where Geest has now ceased production of low-margin uncoated and conventionally coated fish fillets, and on recipe dishes, where sales were affected by health scares just as new capacity was coming on stream.

stream.
From the US, where Geest recently acquired Manor Hill, there was a first-time contribution of £163,000 on sales of

There was a £467,000 (£333,000) exceptional surplus above the line - profit on

property sales offset by restructuring costs — while net interest receivable worked through to £1.55m (£901,000).

Below the line, there was an

extraordinary surplus of 25.86m - comprising the profit on the sale of the contract distribution business offset by £1.94m of costs in withdrawing from the fish

activities. Geest said it expected the year-end cash balance to be year-end cash balance to be around £20m. With regard to acquisitions, it commented that further expansion into the US was being considered, as was the building of distributive capacity in Europe on the frash produce side. However, the company said there was nothing in the immediate pipeline.

O COMMENT

While Geest's figures were well in line with expectations, the in line with expectations, the balance was not quite as some analysts had expected. The problems in the fish and recipe dish husinesses caused some surprise, while fresh produce did commensurately better — a performance which was even more creditable after a £500,000 cost for continuous plant to cost for contingency plans to cope with the threatened national dock strike. Yester-day, Geest was suggesting that reorganisation on the fish side had taken out some £1.5m of overheads and says this busi-ness is now breaking even. The loss on the recipe dish business



Charles Bystram, chairman; fresh produce - best of the bunch

may take a little longer to repair, although there are hopes that it might be out of the red by the year-end.

Losses at Kelt Energy increase to £1.15m

KELT ENERGY. independent oil and gas group headed by Mr Hubert Perrodo, yesterday unveiled results for the 15 months to March 30 – a period of intense activity for the company, writes Graham

The reverse takeover of Concorde Energy in the spring of 1988 was followed last January by the highly-leveraged take-over of Carless. Since then Kelt has disposed of the latter's downstream operations in a series of sales, raising some

£137m. The pre-tax loss for the period increased to £1.15m, against a deficit of £847,000 for the year to end-December 1987.

exchange gains of £991,000 (£45,000), recovered to £210,000

(£725.000). Kelt intends to refinance remaining debt on a long-term basis, in line with the flow of revenue from its assets in both the UK and the US.

the UK and the US.

Mr Perrodo said that total
net reserves had risen from
34m barrels to about 160m barrels of oil equivalent, Net
assets stood at £211m, or 63p
per share, he said, a figure that
excinded a further 31p per
share in respect of probable

Turnover expanded from £5.47m to £12.52m. Losses per 10p share worked through at the year to end-December 1987.

However, losses at the operating level, stated net of foreign

0.6p (0.5p). No dividend is proposed for the year; the last payment was made in 1985.

Floyd Energy back in the black with £18,000

By Graham Deller

FLOYD ENERGY, the former resources company which has transformed itself into an engineering and structural steel group, reported a modest pre-tax profit of £18,000 for the first half of

1989. The outcome compared with losses of £374,000 last time and was struck on turnover sharply higher at £19.96m (£8.84m).

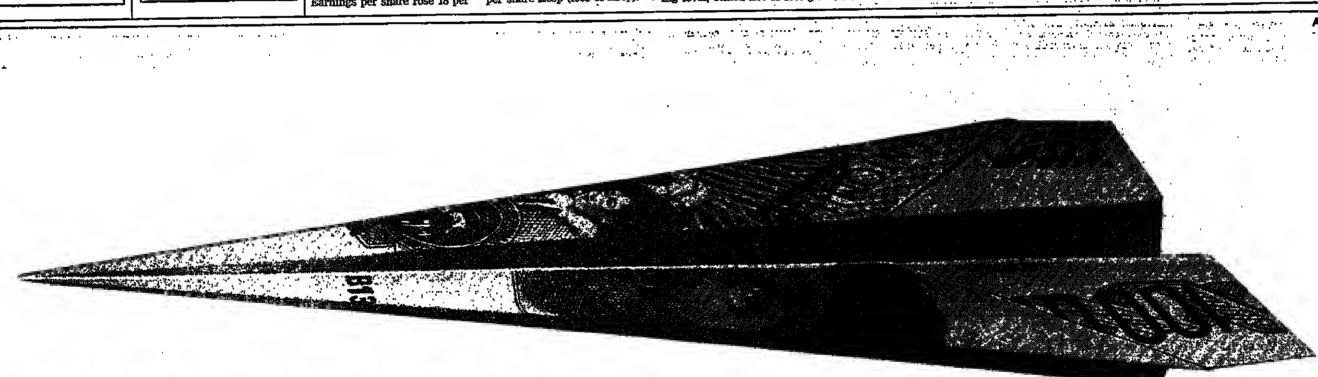
Earnings per 10p share were 0.02p, against losses of 0.63p in the corresponding half of Mr Gordon Dunlop, chairman of the USM-quoted company, said that Whiteley Reid, acquired in May, enjoyed high activity and a healthy

In contrast, the fuels side suffered from the mild winter. Oil distribution was hit by "sustained competition," while the coal husinesses experienced increasing pressure on wices. Floyd intends to offer the residual oil exploration assets for sale.

The directors also announced plans to consolidate the shares from 10p to 50p and change the group's name to

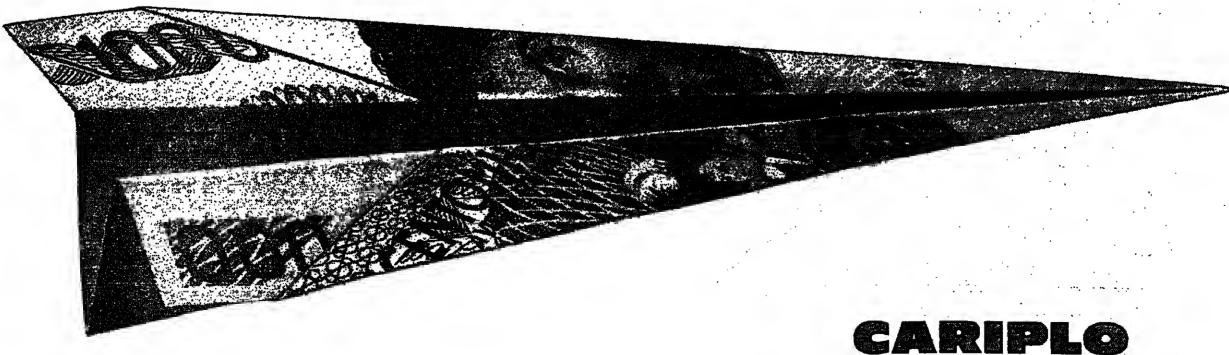
Ayer

order book.
Similar conditions prevailed at Romein Roosendaal Beheer, the Dutch steel structure group, purchased in June for £12.8m.



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UK COMPANY NEWS

Saga declines to £1.18m | C&W raises \$280m after depressed US sales

A DOWNTURN in its US operations was blamed by Saga Group the over-80s tour opera-tor, for a 44 per cent drop in pre-tax profits for the six months to end-July.

months to end-July.

The fall to £1.48m was struck on turnover up 2.9 per cent to £49.28m (£47.9m) and was compounded by a loss after tax of £143.000 from the closure of its US publishing venture.

A spate of air crashes, beginning with the Lockerbie bombing, hit demand for domestic and overseas holiday business in the US. The group also took a step back when its travel magazine there Ealled after just two issues for lack of advertistwo issues for lack of advertising revenue. However, a satisfactory outcome was expected by the year end.

Mr Roger De Haan, chairman, said that the company's
UK tour operating sales had
grown by 3 per cent, which
represented a satisfactory performance in a sector in which
other holiday companies were
suffering a depressed market.
Sales of European holidays had
fallen slightly, but bookings to

formance in a sector in which other holiday companies were suffering a depressed market. Sales of European holidays had fallen slightly, but bookings to long-haul destinations were well ahead of last year, he said. Saga's move into the retirement housing market had been set in motion with the purchase of a site in Kent, where the first properties should be ready for sale next year.

The group's strong cash position provided an improvement in net investment income to £1.98m (£806,000) and after tax

The downward trend in land £1.98n (£305.000) and after tax prices was expected to con- of £812,000 (£883,000) earnings time, said Mr De Haan, and per share slipped to 4.49p the company was being very (4.89p). The interim dividend is selective in its approach to furraised to 2.3p (2p).

puter maintenance while the

rest comes from its activities as a maker of high perfor-

mance workstations, competing with the US manufacturers International Business Machines and Digital Equip-

Following substantial man-

agement changes it seems set for growth and analysts believe

it is undervalued and a good

recovery stock.
Sources close to Singer and
Friedlander confirmed that the

bank was buying for its own

account. Mr Roger Foster, Apricot's chairman, said he

saw Singer's investment as a

vote of confidence in the com-

ment Cornoration.

S&F clarifies Apricot stake

3 back is

- 1

SINGER & FRIEDLANDER, the merchant bank and prop-erty investor, has formally assured Apricot Computers, the Birmingham-based workstation manufacturer, that the shareholding it has been build-ing represents an investment for its own account rather than for an undisclosed client. Singer has raised its stake in

Apricot to 10.54 per cent. It said it intended to build a stake that would allow it to consolidate a percentage of Apricot's profits in its own results. A shareholding can usually be consolidated above

The announcement, and the way the shares were purchased; triggered a wave of speculation that a takeover bid

setback for

Time Prods

JAPANESE COMPETITION

and price cutting in Hong

Kong hit the business there of

Time Products, the watch and jewellery distribution group.

As a result, pre-tax profits for the six months to July 31 fell from £7.66m to £6.95m, on turnover of £28.48m (£29.75m).

Mr Richard Langdon, chair-

man, said he did not envisage

that the situation in Hong

Kong would improve in the

current year; turnover there fell to £8.97m (£11.28) and pre-interest profit to £1.33m (£2.8m). However, UK sales improved to £19.5m (£18.5m) and profit to £4.18m (£3.99m),

with the luxury watch division being particularly successful, he added.

Finance income ross to

£1.44m (£870,000). Earnings worked through at 9.22p (10.72p) and the interim divi-

Wolstenholme Rink

Higher interest rates and

dend is again 2.5p.

slips to £1.81m

Far East

was under way. The rumours were fuelled by the fact that high technology investments are not common for Singer, a bank which made pre-tax prof-its of £10.7m for the half year to June 30, chiefly through fund management activities.

The European computer industry, furthermore, is in the middle of a period of rationalisation and Apricot would be a valuable acquisition both for its software skills and its mar-

Apricot made pre-tax profits last year of £5.5m on a turn-over of £106m, and has been returning to financial health

after a week period in the early It now makes over half its

shire-based maker and distrib-

utor of products for printing and allied industries, with

over of £21.54m (£17.98m). An interim dividend of 6.3p

(6p) is being paid from earnings of 18.9p (20p) per share.
Interest charges were an increased £615,000 (£235,000).

Tax took £551,000 (£595,000) and there was an extraordinary

charge of £103,000 (£87,000

dives to £2.08m loss Crossroads Oil Group reported

a loss of £2.08m for the year to March 31, compared with a profit of £247,000 in the previ-

The directors said that about

fl.7m of the loss was due to the restructuring of the com-pany, formerly Lysander Petro-

leum, and the disposal of prop-erties in the Arkoma Basin.

main activity is oil and gas exploration, development and production in the US and its

This USM-quoted company's

Crossroads Oil

ous 12 months.

was £1.91m.

pany's strategy but he would be watching the size of the holding closely. profits from software and com-

NEWS DIGEST increased borrowing left Wolstenholme Rink, the Lancafinancing through partner-

Turnover fell by nearly a half to £442,000 (£958,000). There was a loss per share of 7.11p, against earnings of 0.41p. reduced pre-tax. profits of £1.81m for the half year to June 30. The comparable figure Martin Currie Pacific assets up Operating profits advanced from £2.15m to £2.43m on turn-

Martin Currie Pacific Trust net asset asset value climbed from 229.1p to 299.8p basic and from 214.7p to 277.5p fully diluted in

Total revenue was £424,000 against £217,000 and pre-tax profits were £167,000 (£28,000). Earnings per share rose to 0.95p (0.16p). The directors said the buoy-

ant level of corporate profitfor consumption, supported by higher wages, remained posi-tive and that was reflected in the trust by a high weighting in that area.

Correction Mr Tom Cannon

A photograph of Mr Tom Cannon, director of Manches-ter Business School, was inad-vertently published with Wednesday's report on BSG International's interim results rather than that of his name-sake, managing director of the Birmingham-based company.

via US share issue

By Hugo Dixon

CABLE & WIRELESS, the UK-based international telecoms group, has raised \$280m (£178m) via the issue of new shares through the New York

Stock Exchange.
The issue, which is in the form of American Depository Shares (ADSs), was 25 per cent larger than originally planned because of strong demand from investors, the company

The advantage of raising funds in the US is that C&W has been able to tap American investors who are generally more interested in telecoms stocks than their European

C&W will initially be using the money to reduce

short-term borrowings. How ever, in the long-term, the fund-raising exercise will help finance its ambitious capital

investment programme.

The group plans to spend about £910m over the next three years developing its Mer-cury Communications subsidlary which is the UK's only mainstream rival to British Telecom. By the end of the century, it expects to invest a fur-ther £300m building a personal communications octwork, which is intended to bring mobile telephony to the mass

market. The ADSs, which each represent three ordinary C&W shares, were offered at a price of \$26.72 on Tuesday evening.

Sheraton makes £11m paper offer for Malvern By Nikki Talt

SHERATON SECURITIES, the property development and investment group, is making an £11m all-paper offer for Mal-vern Property Company, an unquoted property group set

up in 1986. Malvern's main activities are in the devslopment and improvement of UK commercial properties, particularly in the north of England. In the year to end-June, it made pretax profits of £1.46m, and had not see the first profits of £2.45m. net assets of £3.35m.
Originally, Malvern planned to seek a quotation once a suit-

able trading record had been established. However, Sheraton said it was approached by certain Malvern investors, suggesting that it might acquire their shares via a paper

Although satisfied with the progress of Malvern, a holding of Sheraton paper would allow a formal valuation of their

holdings. It would also be potentially marketable. Sheraton, which already holds 29.99 per cent of Malvern, added that it had, for some time, been seeking to raise its holding. It maintained that the geographical spread of Malvern's interest complemented its own hias towards the south and west of England and

Sheraton is offering 1,300 of its own shares for each Malvern A share, and 2.27 Sherafor each Malvern ordinary

Shareholdsrs - including Sheraton - speaking for just over 40 per cent of Malvern have irrevocably sgreed to accept the offer. Yelverton Investments, which holds 1.5m ordinary shares and 82 A shares, has also indicated that its present intention is to accept.

Simon Engineering sells Drake & Scull for £21m

By John Thornhill

SIMON ENGINEERING, the equipment, services, and manufacturing group, is continuing to reshuffle its businesses by selling Drake & Scull Holdings, the placetical and mechanical the electrical and mechanical group, for about £2im. Stockport-based Simon

bought Drake & Scull six years ago for £23m, although after still retain Drake & Scull's and had net assets of Hong Kong operations and £10.2m.

some of its interests on the automation and aviation

The huyer is JWP, a US tech-nical services company, which will initially pay Simon £11.5m cash and £2.75m in shares. A further consideration of up to £6.75m will become payable. In 1988, Drake & Scull, made pre-tax profits of £3.4m

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FINANCIALTIMES

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322 261 Multihouse NV (AmstSE) ... 158 98 Robert Jenkins 6.4 5.7 5.1 9.7 3.1 10.4 9.7 2.6 11.4 6.6 5.8 9.4 4.9 27.5

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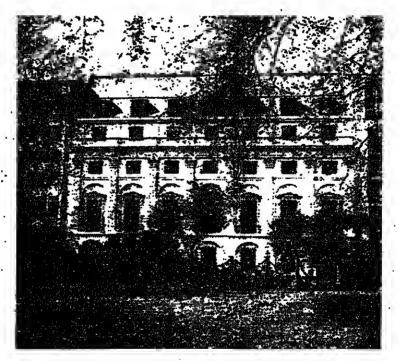
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RESULTS FOR THE YEAR ENDED 30TH JUNE 1989

HIGHLIGHTS

FROGMORE ESTATES PLC

Pre-tax profits £30.4m

Dividend up 10%

Net asset value 580p per share, up 25%

Investment portfolio value £242m, up 30%

red office at Oliver House, 23 Windmill Hill, Enfield, Midda ENQ 7AB (Tel: 01-366 9511)



STRONG PROFIT GROWTH MAINTAINED

	Half-year to 31	St July (UNAUDITED)	
	1989	1988	% change
Turnover	£36-1m	£28-8m	+25.2%
Profit Before Tax	£9-7 m	£7.8m	+24.3%
Earnings Per Share	9-5p	7-6p	+25.0%
Dividend Per Share	2.0p	1-5p	+33.3%

- Buoyant advertising revenue.
- Concentration on franchise retention.
- Expansion of regional network.
- Comprehensive news development.

These are the main points of the Chairman's statement which is being mailed to all shareho The contents of this stoomest, for which the Directors of TV-on pic are solely responsible, have been approved for the purpose of Section 57 of the Pinsacial Services Act, 1986 by Arthur Anderson & Co., 22 am authorised

Ramar **Textiles**

MANUFACTURERS AND DISTRIBUTORS OF LADIESWEAR

Strong Recovery

Audited Results for the 52 weeks to 26 May 1989

	£000	£000
Turnover	24,682	20,023
Profit on ordinary activities before tax	837	14
Earnings per share	4.06p	0.24p
Dividend per share	1.75p	1.75p

The results for 1988 were adversely affected by a serious fire at our warehouse at the end of 1986. Extracts from the Chairman's Statement: Trading

The general slowing down of retail sales following a series of rises in interest rates resulted in a huild up of pre sold stocks, adversely affecting the second half year. However, profitability was maintained in the second half due to improved

We successfully expanded our sales in fashion lingerie which has become a major growth area for our business. A new beachwear range was launched in the latter part of the season and initial results are encouraging.

The financial year ended with record stockholdings which unfortunately continued to grow during the first quarter. The high level of interest rates has depressed consumer spending and hot summer weather discouraged our customers from calling in Autumn stocks which we began manufacturing in April. The Group has recovered strongly since the fire in November 1985 and we continue to perform well in what is a highly competitive market. Whilst margins have been squeezed, our order situation is encouraging.

Colin Radin, Chairman

1022

This notice is issued in compliance with the requirements of the Council of The Stock Exchange of the United Kingdom and the Republic of Ireland Limited ("The Stock Exchange"). It does not constitute an offer or invitation to the public to subscribe for or purchase any securities of Tullow Oil plc ("the Company"). Application has been made to the Council of The Stock Exchange for the grant of permission to deal in the issued ordinary share capital of the Company in the Unlisted Securities Market. Dealings are expected to commence on 5 October, 1989. It is emphasised that no application has been made for these shares to be admitted to Listing.

TULLOW OIL plc

(Incorporated in the Republic of Ireland under the Companies Acts, 1963 to 1983, Registered No 109001)

INTRODUCTION BY

SHEPPARDS

IN ASSOCIATION WITH

ALLIED IRISH SECURITIES LIMITED, O'BRIEN & TOOLE

ICC CORPORATE FINANCE LIMITED

of the existing ordinary shares of IR 10p each currently traded on the Third Market.

SHARE CAPITAL Authorised

Issued and

TR£100,000,000 Ordinary Shares of IR 10p each fully paid IR£9,373,689

Tullow Oil pic is an independent hydrocarbons production and exploration company with interests in proveo gas fields in the United Kingdom and Senegal and an exploration programme in the United Kingdom. Senegal and Italy.

Full particulars of the Company are available in the Extel USM Statistical Service and copies may be obtained during normal business hours on any weekday (Saturdays and public holidays excepted) up to and including 3rd October, 1980 from the Company Announcements Office, The Stock Exchange, 46-50 Finsbury Square, London, EC2A IDD and up to and including Thursday 19th October, 1989 from:

ICC Corporate Finance Limited. Sheppanis, 51/34 Harcourt Street. No. 1 London Bridge.

London, SE19QU.

Allied Irish Securities Limited. O'Briett & Toole,

29th September, 1989.

interest payment date
31st October, 1989 will amount
to US\$82.00 per US\$10,000
Note. Agent Bank: Morgan Guaranty Trust Company of New York London

UK COMPANY NEWS

All-round improvement for Haden MacLellan

MACLELLAN HADEN Holdings, the industrial con-glomerate headed by Mr Philip Ling, increased pre-tax profits from \$2.4m to £6.31m in the six months to June 30.

With turnover growing only by 68 per cent to £127.7m (£75.9m), the result reflected a healthy improvement in margins. At the operating level, they rose from 8.5 per cent to

All divisions reported better results then in the 1988 half.
The only loss-making part,
automated manufacturing
systems in North America,
reduced its pre-tax deficit from
£1.26m to £890,000. It is expected to show a profit for the full year as motor industry customers take delivery of orders.

ers take delivery of orders.

Its counterpart in the UK
and Europe lifted profits to
£2.62m (£458.000), while the
contribution from manufacturing rose to £3.73m (£2.24m). Distribution showed a more modest increase to £1.52m

BORTHWICKS, the care-worn food group, has agreed condi-tionally to pay \$14.5m (£9m) for

Globe Extracts, a battered US food flavours manufacturer.

The purchase is intended to

complement Barnett & Foster,

the company's existing UK-based flavours business, and

spice up its performance by

giving it access to the north American market.

American market.
Globe's three plants in Long
Island, Rhode Island and Los
Angeles straddle the US, supplying mainly natural flavours.
Barnett & Foster, which
accounts for more than 15 per
cent of sales at Borthwicks,

supplies soft drinks makers

and food processors with fruit

and savoury flavours.

Globe's recent performance has been marred by calamities

involving its former parent's

U.S. \$200,000,000

Midland International Financial Services B.V.

Guaranteed Floating Flate Notes due 1999

Midland Bank pic

Notice is hereby given that for the stx months interest Period from September 11, 1989 to March 12, 1990 (182 days) the Note Rate has

been determined at 9%% per annum. The interest payment date, March 12, 1990 will be U.S. \$458.16 per U.S. \$10,000 nominal

Wells Fargo

& Company

U.S. \$200,000,000

Floating Rate Subordinated Notes due 2000

In accordance with the provisions of the Notes, notice is hereby given that for the Interest period. 29th September, 1989 to 31st October, 1989 the Notes will carry an Interest Rate of 99% by per annum.

Interest payable on the relevant interest payment date 31st October, 1989 will amount

to US\$81.67 per US\$10,000 Note and US\$408.35 per US\$50,000 Note.

Agent Bank: Morgan Guaranty Trust Company of New York London

Wells Fargo

& Company U.S. \$150,000,000

Floating Rate

Subordinated Notes

due 1992

In accordance with the

provisions of the Notes, notice is bereby given that for the Interest period

29th September, 1989 to 31st October, 1989

the Notes will carry an Interest Rate of 9.225% per annum.

interest payable on the relevant

0

By: The Chase Manhattan Bast, N.A.

Losdon, Agent Bank

September 29, 1989

Drypure, a patented system for processing paint sludge, is expected to make its first contribution to profits next year.

By Christopher Parkes, Consumer Industries Editor



Philip Ling: A healthy improvement in margins

Haden has moved away from its original plan to install the system in car manufacturers' plants towards a joint venture operating external reprocess-ing facilities in association with Meridian National, a US chemical waste treatment com-

Haden's £20m takeover of WA Holdings, the distributor of a wide range of industrial products, took effect only two weeks before the end of the

Borthwicks to gain access to

US market with \$14.5m buy

fragrances.

filing under Chapter 11 for pro-tection from its creditors, and

a later, abortive attempt by its

new owners to diversify into

In 1988, Globe showed an

operating profit of just \$13,000 on sales of \$15.6m. In the near-est comparable period, the year to March, 1986, it made \$1.2m

at the operating level on turn-over of \$14.3m. Mr Cornel Riklin, chief exec-

utive of Borthwicks since last

December, said that Globe was now on the road back to this

level of profitability. Unaudited

management accounts for the seven months to July, showed

operating profits at \$760,000

Last June Borthwicks announced an interim pre-tax loss of £2.14m, compared with

profits of £304,000. The deficit

and turnover at \$10.2m.

half. They are now making a "useful contribution," Haden

Earnings per share more theu doubled to £6.Sp (2.9p). The interim dividend is raised by two thirds to 2.5p

● COMMENT

Considering the unfortunate pre-crash timing of his creation of Haden MacLellan two years ago, and the heavy toll from the subsequent investment freeze in the US motor indusfreeze in the US motor industry, Mr Philip Ling has not done badly at all. A lower profile, and sticking to basics, suits him. He is confident now that everything will pay off in 1990, as Drypure moves into profit and the US automated manufacturing systems side reaps a long-awaited harvest. On house stockbroker Barclays de Zoete Wedd's pre-tax forecast of 524m for the full year, the prospective p/e is 11.5. Others are less builtish, and worry about Drypure's vulnerability ers are less builtsh, and worry about Drypure's vulnerability to environmental concerns in the short term and changes in paint technology in the long term.

followed a series of disposals,

the abandonment of an expen-sive new meat manufacturing

process, and sweeping restruct

The Globe purchase will involve \$13.7m payable on completion, of which \$3.8m will be

financed by the issue of 5m new ordinary shares. The bal-ance will be held back for up to

There is a further deferred consideration, which will allow

Globe's management to share in profits over three years, im-ited to a maximum of \$900,000. Borthwicks said trading had

been very satisfactory in the second half. Barnett & Foster showed further growth in sales and profit, and "resolute mea-

sures" taken in meat products were starting to show through in an improved bottom line.

two years.

Tyndall recovers to £3.51m after loss in previous six months

TYNDALL HOLDINGS, the financial services group, reported a recovery in pre-tar profits to £3.51m in the six profits to £3.51m in the six profits to £4.000 respectively in the six profits to £4.000 r months to the end of June.

This compared with a pre-tar profit of £7.03m in the first half

of 1988. However it represented of 1938. However it represented a substantial improvement on the £8.19m deficit in the second half last year, when Tyndall finally took a £9.8m write-down on the assets of its Australian life insurance company above

the line.
The 1987 accounts were qualified, as the auditors suggested that the effects of the 1987 stockmarket crash on the Australian life business should be taken as an exceptional, rather than an extraordinary item. The fund management

operations, with about £300m under management, made a first half trading profit of first hair training profit of \$222,000. This compared with a deficit of a little more than \$1m in 1988, which Tyndall claimed was a reflection of the costs of starting new offices and the fees involved in mak-

ing acquisitions.
In the Australian fund management division, with some A\$1bn under management, there is a profit of £1.75m. The comparable figure was £1.82m, comparable figure was Electric, which the company said was unrepresentative because some of the surplus arising in this area was moved, for tax reasons, to "unallocated overhead".

In the present year, the charge for unallocated over-

The banking and trust divisions were more straightforward, showing profits of £1.73m (£1.06m) and £307,000 (£188,000).

The Sydney-based life insurance division turned in £2.01m, against £5.08m. The group maintained that its assets had been "reviewed and compre-

hensively re-organised".
Interest charges were £1.5m
(£1.37m). Tax took £202.000
(£697,000) which Tyudall seemed to feel was indicative of the likely full-year level, reflecting the small proportion of on-shore UK funds managed by the groun. hensively re-organised".

of on-shore UK funds managed by the group.

Earnings per share worked out at 4.1p, compared with 7.1p. The interim dividend is maintained at 2.5p.

The deal, already announced, with Industrial Equity (IEL) gained shareholder approval earlier this month. This gives IEL an 18 per cent stake in Clayton Robard, Tyndall's Australian arm, in return for the sale of Liberty Life group, with which IEL has guaranteed to place a minimum of A\$100m under management, by IEL to Clayton.

Tyndall is also talking of new investment products in the UK, including a closed-end east European investment fund to be launched next week.

Colroy builds 68% increase to £4.37m

Colroy, the regional housebuilder which came to the market in June 1988, reported a 68 per cent rise in pre-tax profits from £2.6m to £4.37m for the year to July 31. 1989. Turnover was up 39 per cent from £14.65m to £20.43m. The company said it had applied a cautious land operation policy and the stock of 967 plots was ample. At the year end it had a positive cash bal-

ance and nil gearing.

The recommended final dividend of 5.5p makes a total of 7.5p psyable from earnings of 30.45p (25.02p).

Interest rates hit Youghal Carpets

Interest rates were blamed by Youghal Carpets for a fall into loss for the six months to the end of June. On turnover of 1634m (£29.86m), against 1£33m the Irish-based company incurred a pre-tax loss of I£163,000 compared with profits of I£331,000. Directors said that high UK

interest rates had hit demand for tufted carpets but demand on the contract side and for Axminsters had not suffered to the same extent. The Irish market had been more bnoyant. The loss per share was 0.62p (0.2p earnings).

INTERIM ANNOUNCEMENT

Half year to 30th June 1989

Financial Highlights

PROFIT BEFORE TAX £24.5 million Up 16%

EARNINGS PER SHARE 16-3 pence Up 18%

DIVIDEND PER SHARE 5-0 pence

- Growth in profits and trading margins
- Results ahead in all three divisions
- Substantial investment for the future

Extract from the Statement by Tony Chubb, Chairman of Foseco plc

Continuing investment is planned for the remainder of 1989 as part of our strategy of allocating resources to opportunities for developing growth from our existing activities. Although trading conditions are mare unsettled in a number of markets, we consider that we are following plans for the growth of the Group which are soundly based and, thus, give confidence for the future.

Foseco pic 285 Long Acre, Nechells, Birmingham, England B7 5JR

TECHNOLOGY

year has seen snpermarkets clearing their shelves of baby food that might be spiked with glass, baked beans that might contain metal, and soft cheeses and pates that might harbour

recovers

after loss

siv month

.

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listeria.
Sales of all these foods are disrupted. The UK's £50m paté market was affected when pregnant women were advised not to eat the product after a survey showed that one in 10 tested products contained the bacterium listeria monocyto-

genes.
The microbiologists in Leeds who carried out the survey judged that the organisms had entered the pates as a result of "unsound food processing." The contamination had arisen during manufacture.

In response to the scares, the m response to the scares, the UK Government has published the White Paper on Food Safety. A company cited by the Commons Social Services Committee as "a model of good practices other manufacturers and retailers chard account to".

and retailers should aspire to was Marks and Spencer.

M and S employs 120 qualified food technologists, with degrees in food science, technology, microbiology, nutrition or home economy. These tech-nologists work with suppliers to develop a product, then scale it up to mass production levels, using food technology to try to ensure that the taste, quality and safety of the product are consistent and irre-

Paté is an example of cook-chill food — the success of a decade in which many people have been too busy to cook. Some scientists say it is risky. M and S says it has honed the production of prepared dishes to minimise risk.

t takes nerve to introduce a oew paté on to the shelves these days. But with listeria-in-paté scares well in mind, M and S is in the middle of trials for a new vari-

ety, chicken liver and bacon.
"A product's life starts with day of kill," says food bechnologist Sally Honey, pointing at a sack of chicken livers in a walk-in refrigerator at Sun Val-ley Poultry in Hereford, a sup-plier of M and S chicken

Chicken liver and becom nate is being made today, a 500-pot test run of a product that might be sitting next to Luxury Duck and Orange early next year, if all goes to plan and the end result tastes good

Food technology has become more than a consuming interest of the food industry. This bugs out of the recipe

Rachel Johnson explains how a Marks and Spencer supplier sets about making trouble-free food

The sack of livers - together with pork fat, streaky bacon, sherry, rusk, soya protein and other sieved ingredients — is kept chilled in the "raw" side of the food factory. The quanti-ties have been weighed out on digital scales and labelled with type, date and weight to make sure the product is used within its shelf life.

Raw and cooked foods are prepared in different parts of the factory, by different staff who are kept segregated. "The principle of separating the raw and the cooked is the cornerstone of food technology," says David Jefferies, technical man-ager at the Yazor Road factory. When a product is cooked, it

passes through a "sterile bar-rier" to the "high care" side of the factory — the side which requires the most stringent procedures because bacteria grow rapidly in cooked foods at room temperature.
"The secret is to get it from

a high temperature to a low one as soon as possible and keep it there," says Jefferies. Salmonella and listeria are killed at temperatures above 72 deg C and cannot grow in tem-peratures below 5 deg C. If at any point in the chain the temperature goes too low or too high to meet EC guidelines of food safety, the entire batch is rejected at a cost of thousands of nounds.

The chicken livers are handwashed under high-intensity lights by staff who are as hygiene-controlled as the factory itself. While blood tests are not company policy yet, staff are tested to see whether they are salmonalla carriers. Before entering a high-care zone, they must don hats, hair nets and boots, and wash their hands with an alcohol solution. The chicken liver washers

have each had an eye test for

colour blindness so that discol-

oration, stones and feathers do not pass unnoticed into the vast chopping bowls. The ingredients are reduced

to a fine emulsion at a low speed (so as not to raise the temperature too soon) in stain-less steel lidded bowls. designed for pate production at Sun Valley and made by Laska of Austria. Actomatic rotary blades swirl the ingredients to smoothness before the bacon is scattered in by hand by rub-ber-gloved staff.

Each piece of aquipment, and each M and S product, has its own specification. The cleaning routines involve the equipment being scrubbed several times a day and sterilised with a detergent called Tego. The paté trial's confidential draft specification runs to 17 sections, detailing ingredients, cooking procedures, weight, sampling and testing for bac-teria, pathogens and food poi-

soning organisms. Before being piped into pots, the mixture passes through a metal detector, a plastic tube with a magnetic field. If metal is detected, the pumping is stopped, a valve opens and the pate is dropped out. "Glass is oot allowed on site," Sally

Honey says.

The paté then goes through a Mondini filler, where its temperature is checked by a digital perature is checked by a digital thermometer, into heat-resistant plastic pots.

A machine stamps oo a laminated lid with an airtight heat seal, and the 183 gram pot of paté goes through another metal scan. The metal detector itself is tested several times a day, when a random tub is impregnated by a ferrous ball, 3 mm across, and sent past it.

To preveot staff simply removing contaminated samples, the detector signals the presence of metal by flashing a red light and dumping the



One of the capped, hair-netted and gloved members of staff dealing with ingredients at Sun Valley Poultry

affected pot into a locked con-tainer, to which only quality control staff have access.

After the pate pots have been squeezed to test for leaky seals, they are loaded on to trays for cooking. To make sure the mixture reaches an internal temperature of 82 deg C for at least 10 minutes, to kill all bacteria, there are two precautions:

 Staff manually test pots during cooking with a needle probe digital thermometer. A machine called a Data PaQ, developed to register the heat of paint on naw cars,

heat of paint on naw cars, keeps a written record of the operator, cooking time and temperature of each product. The records are checked daily, and if anything is wrong there is time to pull the batch before it hits the shelves. The cooled tubs are enticingly packaged, "sleeved" and dispatched in BOC Transhield

lorries, refrigerated with liquid nitrogen, to the stores.
Samples are simultaneously dispatched to the laboratories and the testing rooms, where the "hazard analysis" contin-oes. Mark Pattison, in charge of 15 staff in the chemistry,

IC Industries, Inc.

labs, says Sun Valley has taken on an extra scientist simply to cope with the additional work of running an extra analysis for food-borne listeria on chicken products.

"A amall quantity of the product is mashed with sterile water, then organisms induced to grow in agar jelly. Then we count the colonies of bacteria and check them against specified limits for the products," says Pattison.
"The results come through

before the products reach the stores." There are weekly product tests for salmonella, clostridia perfringens (botulism) and faecal streps; daily for E. Coli (a bacteria associated with fae-cal contaminatioo), bacilli cereus and a special test for listeria.

In the factory tasting room, staff sample the pate for tex-ture and flavour. The chickeo liver and bacon trial run was procounced "nice and bacony" by Sally Hooey, but a shade

overpowering by others.

Meanwhile, thousands of dishes are on sale in the Food Halls, ready for the consumer to pass off as made at home where the hygiene risks may veterinary and microbiology well be many times greater.

Fish shells have hidden depths

NEXT time you eat crat s. shrimps or cysters, remember that the shy is you toss away contain a to be the wonder ingradient

Chitin is one of the torid's most common most common polysaccharides, but up il recently it has been dismissed as a wastel roduct Organic chemists an

working on ways to use derivativa, chitosan, in everything from face powden to agriculture. Technical traights, of New Jersey, predicts that sales of the two substances will reach \$25n a year by the end of the

The unusual property of chitosan is that it is positively charged and so is attracted to negatively charged molecules, such as protein. chitosan helps the potion stick to the skin or hair.

in Japan, chitosan is already used in water treatment plants because the large polysaccharide molecules bind to protein waste or metal particles, making them easier to extract.

Leading the field in chitosan production are ebout 20 Japanese companies, although their American and European counterparts are jumping on the bandwagon.

Bullet-proof protection

AS MORE banks and building societies consider removing the glass barrier between ere taced with e big security

To help solve it, Safetell, of Bromley, Kent, has inverted the idea of bringing down the hatches by developing an armoured screen which rises from the counter to the celling in less than half a second. The bullet-proof carbon

steel barrier is coated with an anti-ricochet composite to prevent bullets bouncing off and injuring customers. Designed and developed in Australia and the UK by Safetell, a Tate & Lyle subsidiary, the security screen can be raised by a clerk - using e foot pedal

for example - or remotely

by the bank supervisor.
An air reservoir, stored in

the frame of the screen activates the pneumatic pistons which shoot the telescopic screen from the counter recess to the celling Internal brakes slow dow the screen for the last third

Radar tracking of historic sites

THOSE disturbed by the row over the future of the Rose Theatre excavation, in London, will be pleased to learn of a development that enables historical sites to be enables historical sites to be found and examined before the builder starts digging.

A combination of radar and a ranced computer parallel pro, saing techniques means that a re-dimensional (3-D) maps to be produced on screen of tructures up to 30 metres belt? the surface.
The machine, designed by Geospace insultancy Services, of 5, inburgh,

resembles a cross between e lawn mower and e vacuum cleaner, with a screen.

As it is pushed across the ground, a radar eignal is sent downwards. From the speed at which the signal travels, the computer can calculate what obstacles are there, be they part of en ancient

telephone cable. The machine can also draw more widespread, but less accurate, maps when suspended from a helicopter. For every linear metre of

ground covered, the machine gathers 1 Megabyte of data, so that in one day 2,000 Mbytes can be collected.

Colour on a lap-top RILLED as Europe's first colour lap-top computer, the Hitschi HL4000C looks set

to steal a march on rival systems with e 6.33 in liquid crystal display (LCD) which produces graphs and pictures in eight colours. The HL4000C, and three monochrome portable machines, wilt be on sale from November. A version

with e 10 in colour screen should be available within a year. The IBM-compatible machine has 1 Mbyte of memory (expandable to a 20 Mbyte hard disk) and a built-in rechargeable battery, which lasts for up to three

hours of continuous use.

worth WATCHING

Edited by **Della Eradshaw**

The machine uses Hitachi'e thin film translator technology (TFT), e technique already employed in the company's miniature television sets. This "active matrix" technology meens that each of the 384,000 pixels, or colou elaments, is controlled by its own trenslet The HL4000C costs £3,995.

Green light for

car emission test A COIN-operated test kit is about to appear on garage torecourts, designed to tell drivers how much carbon monoxide is emitted by thair

Carbon monoxide not only causes breathing difficulties, but also contributes to the greenhouse effect. Emissions look set to be restricted by imminent Europeen legislation.

Customers using the service place a pipe over the car exhaust and leave the engins running. The gase: pass into e glass tube and en infrared beam is shone through. A sensor at the fau end meesures how much of the tight spectrum is taken up by the carbon monoxide

end so calculate how much of the toxic gas is being produced. Resembling a set of traffic lights in design, the Green Machine, es it is called by manufacturers Britest of Nottingham, tells the car owner the result via en iliuminated sign. A green light meens the carbon monoxide content is below 1.5 per cent and an amber light denotes it is between 1.5 and 2.5 per cent. Over that, you get a red liaht.

CONTACTS: Technical Insights: US, 201 568 4744. Safetell: London, 464 6556, Geospace: UK, 031 453 6272. Hitachi Europe: UK, 0734 311244. Brites:: UK, 0773 532 044.

PUBLIC NOTICES



MMC INVITES EVIDENCE ON ATLAS COPCO AB'S PROPOSED ACQUISITION OF THE DESOUTTER BROTHERS (HOLDINGS) plc

The Monopolies and Mergers Commission would like to hear from any person or organisation with information or views on Atlas Copco AB's proposed acquisition of Desoutter Brother (Holdings) pic.

The Commission will be studying the possible effects of the proposed merger in the UK power tools industry and will be examining in particular the market for pneumatic tools.

market for pneumatic tools.

The Commission will be looking at the possible effects of the proposed merger on the public interest. The Commission would like evidence in writing by Wednesday 11th October 1989 to be sent to: The Reference Secretary (Atlas Copco/Desoutter Inquiry), Monopolies and Mergers Commission, New Court, 48 Carey Street, London WC2A 2JT.

EDUCATIONAL

The advantages of the «Ceran 66» concept, with reskleptial courses:

COMPANY NOTICES

GOLD MINING COMPANY, WITWATERSRAND, LIMITED. (Incorporated in the Republic of South Africa)

Registration No. 01/00251/06

SUB-DIVISION OF SHARES

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The Pinencial Times proposes to publish this survey ou:

25th October 1989

or write to him at:

George House George Road Edgheston Birmingham B15 IPG

FINANCIAL TIMES

THE RANDFONTEIN ESTATES

At the Annual General Meeting held on 27 September 1989 shareholders passed a Special Resolution to sub-divide the shares in the capital of the company in the ratio of 10 for 1. The resolution has been submitted for registration.

As from 3 November 1989 the authorised and issued capital of the company will consist of 61 135 530 ordinary shares of 20 cents each, ranking and pressure. Members of the company will shortly receive a cirular requesting them to exchange their current share certificates or other documents of title to Randfontein shares for new certificates.

CITY OF MONTREAL

3% PERMANENT DEBENTURE STOCK NOTICE IS HEREBY GIVEN that the Transfer register will be closed from 18th October to 31 October 1958 both dates inclusive THE ROYAL BANK OF SCOTLAND Pic

EVE has outlived the others because of a polloy on hitr play and value for money. Supper from 10-3.30 am, Disco and mp musicinas, glasnovus hostesses, exciting flooraboves, 01-734 0557,189, Regent St., London.

DISTRIBUTION SERVICES

The Financial Times proposes to publish this survey on:

18th **OCTOBER** 1989

For a full editorial contact:

3365

or write to him at:

Number One Bridge London

FINANCIAL TIMES

synopsis and advertisement details, please

NEVILLE WOODCOCK

on 01-873

Southwark SE1 9HL

Whitman Corporation U.S. \$75,000,000 131/ Notes 1984-1991 Can. \$50,000,000 12% Notes 1985-1995

Notice is hereby given to the Noteholders that effective 1st December, 1888, iC Industries, Inc. has changed its corporate more to Whitman Corporation. The Notes will neither be stamped nor exchanged and will remain listed on the Luxembourg Stock Exchange under IC Industries, Inc., followed by the new name of the Company, Whitman Corporation.

Corporation.

All further notice regarding the issue shall refer to both names.

A complementary legal notice as well as the Articles of Incurporation of Whitman Corporation have been registered with the Greffe du Tribunal d'Arrondissement de et à Luxembourg. Dated: 29th September, 1989

IC Industries Finance Corporation N.V. Whitman Finance Corporation N.V. U.S. \$100,000,000 8%% Guaranteed Notes due 1991 U.S. \$75,000,000 12% Guaranteed Notes due 1990

U.S. \$75,000,000 Retractable Guaranteed Notes due 1988 U.S. \$75,000,000 ranteed Floating Bate Notes due 1991 ertible into 87% Guaranteed Notes due 1991 U.S. \$225,000,000 Sinking Fund Zero Coupon Bonds

Notice is hereby given to the Noteholders that effective 15th December, 1968, IC Industries Finance Corporation N.V. has changed its corporate name to Whitman Finance Corporation N.V. The Notes will neither be stamped nor each maned and will remain listed on the Luxembourg Stock Exchange under IC Industries Finance Corporation N.V., Whitman Finance Corporation N.V., All further notice regarding the issue shall refer to both names. A complementary legal notice as well as the Articles of Incorporation of Whitman Finance Corporation N.V. have been registered with the Greffe on Tribunal d'Arrondissement de et à Luxemboure. Dated: 19th September, 1989

INTERNATIONAL SPECIALITY FUND 10a Boulevard Royal - Luxembourg NOTICE OF DIVIDEND PAYMENT

The General Meeting of Shareholders of INTERNATIONAL SPECIALTY FUND has decided to distribute the Income received during the financial year to 31st May 1969 by paying a dividend of U.S.\$ 0,16 for each share held on the 21st September 1969. The payment will be made on the 6th October, 1989 against delivery of coupon no. 3 to the Banque Paribas Luxembourg, 10a Boulevard Royal,

Dividend cheques will be sent to registered shareholders. Dividends not claimed within 5 years of the precited date will lapse and year to the FUND. ENTERNATIONAL SPECIALITY FUND

NOTICE TO THE HOLDERS OF NOTES OF THE RESTAURANT SEIBU, LTD

Issued in conjunction with US \$ 50,000,000

, 3% per cent Guaranteed Notes with Warrants due 1991 US \$ 120,000,000

4 per cent Guaranteed Notes with Warrants due 1993 Change of Trade Name We hereby give notice of the change of the "Company's" trade na-

me with regard to the captioned Notes. The Board of Directors of the Company resolved by the meeting held on, $19^{\rm th}$ May, 1989, to change their trade name from The Restaurant Seibu, Ltd. to

SEIVO FOOD SYSTEMS, INC.

with effect from 1st October, 1989. Noteholders are also hereby informed that:

 there will be no stamping and no exchange of the Notes, resulting from the change of the trade name; - the new Company undertakes to make payment of principal and interest in respect of the captioned Notes;

- the Notes remain listed on the Luxembourg Stock Exchange

under their former denomination followed by the indication of the new one.

29th September, 1989

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The Financial Times proposes to publish this survey on:

October 1989

For a full editorial synopsis and advertisement details, please contact:

Brian Heron Regional Manager on 061-834 9381 (telex 666813) (fax 061 832 9248)

or write to him at:

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FINANCIAL TIMES

Notice of Redemption

Rockwell International Corporation US\$ 300 000 000.— 10%% Notes due 1992

Notice is hereby given that pursuant to the provisions of the above-described Notes («the Notes») Rockwell International Corporation has elected to redeem all of the outstanding Notes on October 25, 1989 at the redemption price of 100%% of the

principal emount thereof, together with interest accrued to October 25, 1989. On October 25, 1989, the Notes shall become due and payable. Notes ahould be presented for payment together with ell unmatured Coupons, failing which the amount of the missing unmatured Coupons will be deducted from the sum due for payment. Payments will be made in United States dollars at any of the offices listed be-

Coupons due on or before October 25, 1989 should be detached and collected in the usual menner. On and after October 25, 1989, the date fixed for redemption, interest on the Notes will cease to accrue.

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Zurich, September 22, 1989

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THE PROPERTY MARKET

roperty shares have been thoroughly out of favour. The sector has been out-performed by the rest of the market. Trading has been flat, that summer splurge of activity set off by takeover activity has long since sub-sided. The sector is storment

sided. The sector is stagnant. The FT-Actuaries property share index hit its peak on September 5. but it has been downhill since then. Investors have drifted awey, clearly believing that the sector is in for a difficult couple of years.

To be sure, it is easy enough to conjure up dismal scenarios. And to the extent that a slowdown in rental and capital growth is likely - indeed, is appearing, as the latest IPD index shows - the prospects for property companies are less exciting than they have been. For stockbrokers Citicorp Scrimgeour Vickers, "though the historically high share

price discounts to current net asset values (averaging 30 per cent) and the sector's relative underperformance over 1989 (of 15 per cent) look a bit overdone they are understand-

The development and trading companies have fared little better. Ont of fashion since October 1987 they have been trading frequently on a price-earnings ratio of less than 10.

But the stockbroking community generally does not think there is going to be a crash. A slow-down certainly, but not a crash. "We regard suggestions of imminent doom throughout the sector as unwarranted," CIBC Grenfell &

A grey, not a golden, autumn

By Paul Cheeseright, Property Correspondent

Colegrave told clients. But there are enough adverse factors at play in the property market to make stock market sentiment gloomy. And these factors start with the high level of interest rates – shades of 1974. They have taken their toll, Mr John Beckwith, chairman of London & Edinburgh Trust, reminded his shareholders this week.

The fear, of course, is that the higher cost of money will generate bankruptcies and forced sales of property at the same time as a slow-down in demand meets tha results of the recent development splurge. Clearly there is some substance in this fear.

Most of the better financed property groups have received in recent months an increasing number of offers to buy properties and enter joint ventures.
The higher interest rates are
hurting the smaller playars
and recent entrants to the

idustry. But that needs to be set against the fact that overall the level of quoted company borrowing is not high and that asset backing is continuing to rise in value. "All the major companies have a gearing of under 40 per cent." calculated CIBC Grenfell & Colegrave. Trouble is most likely to hit the smaller and least cautious of the property fraternity.

of the property fraternity. The property share market has never been at home with high interest rates and it became even less so when the creditors moved in at Kentish

'We regard suggestions of imminent doom in the sector as unwarranted'

Property, the residential developer. But latterly this uneasiness has been compounded by chartered surveyors' estimates of rising amounts of space becoming available, especially in the City of London market. It is easy to play around with supply and demand statis-tics, especially when the supply figures can be firmly calcu-

lated and the demand figures remain at the level of an edncated guess. But the spectre of empty office buildings further rocked sentiment.

There is another side to this The biggest property investment groups - Land Securities, MEPC, Hammerson, British Land and so on — have seen it before. They just plug on. But they will do so with more optimism this time.

more optimism this time.

The reason is the factor which has underpinned the industry's recent prosperity.

"We believe," said stockbrokers Charterhouse Tilney, "that unlike previous property cycles the cornerstone of property's performance over the next few years will be continnext few years will be continued tenant demand as Britain undergoes an urban regeneration of a scale not seen since the Second World War.

"This will mean a continued relatively high level of supply but a supply for which there will be ready takers at very respectable rental levels." Charterhouse Tilney declared. It has to be said that although tenants, particularly in the central London market,

may be taking their time to book space, they are booking it. There is a deal of foreign money in the market looking more for long-term opportuni-

ment into a wider and cooler perspective. At the same time it is difficult to see that there are any immediate reasons why the gloom should lift.

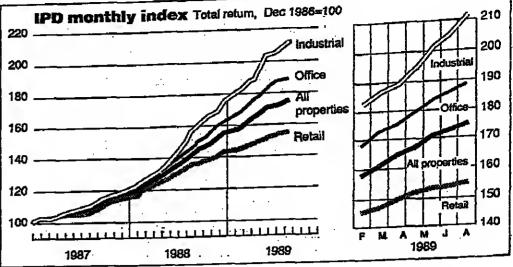
Corporate activity, with the larger companies buying up the smaller and less well-funded, has been on the cards for some months and becomes more probable the longer the financial squeeze lasts. There bas bean a considerable amount of activity already this year with the takeover, most notably of Arlington Securi-ties, imry Merchant Developers and Randsworth Trust but none of this has sprung from the immediate economic situation. For the stock market, the autumn looks more likely to be grey than golden.

ties than for a quick turn.

It is possible then to set the gloomy stock market senti-Underlying factors do not change from day to day. There might, it is true, come a realisation that with stocks

on a 30 per cent discount to net asset value, most bad news that can be envisaged is already written off in the current level of share prices. More likely sentiment will change from outside factors or a burst of corporate activity.

The main ontside factor which would give the stocks a spurt of activity would be a fall in interest rates. But given the latest set of trade figures, there are not many who would bank on that happening soon.



Returns up, growth down

eturns on property investment are rising. but the rate of growth is slowing, continuing the trend that set in at the begin-

trend that set in at the begin-ning of the year.

The August portfolio mea-surements from the Invest-ment Property Databank show that the annual rate of return has slipped to 23.5 per cent from 31.7 per cent at the end of December 1988. "Total return for this year, if proj-ected at a continuance of the rate for the first eight months, will be 20-21 per cent," IPD said.

Best returns have again come from the industrial sec-

tor, which, with an August total return of 2.9 per cent, produced its second highest figure of the year. By comparison the total return from offices was 1.3 per cent and for retail property 0.9 per cent.

Yields on industrial properties moved downwards as capital values rose by 2.4 per cent tal values rose by 2.4 per cent during the month, making 7.3 per cent over the last three months. Industrial rental val-

ments. Industrial rental values rose 1.5 per cent.
But for both offices and retail property the rental growth was the lowest in August for the year so far at 0.8 per cent and 0.6 per cent

Equally, capital growth was sluggish and the annual rate for retail property has slipped below 10 per cent for the first time since 1986. At 0.9 per cent, the capital growth in the office sector was the lowest of the wast.

the year.

Against the background of slowing returns, the institutions measured by IPD have continued to trade their propositions. erty and recently there bas been an escalation of activity. But, by capital value during the year to August, sales out-numbered purchases in the retail sector and in offices. Only with industrials were purchases more than sales.

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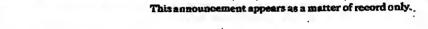
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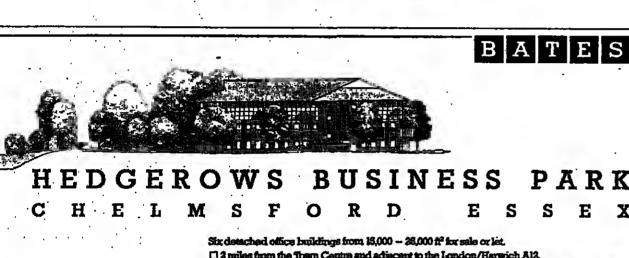
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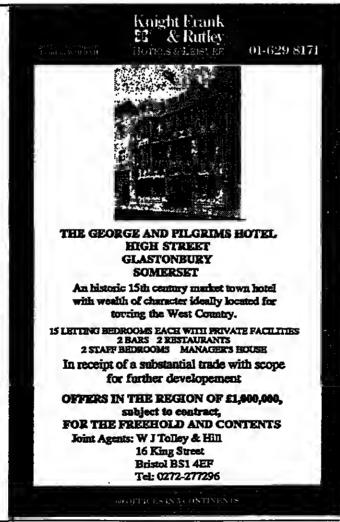
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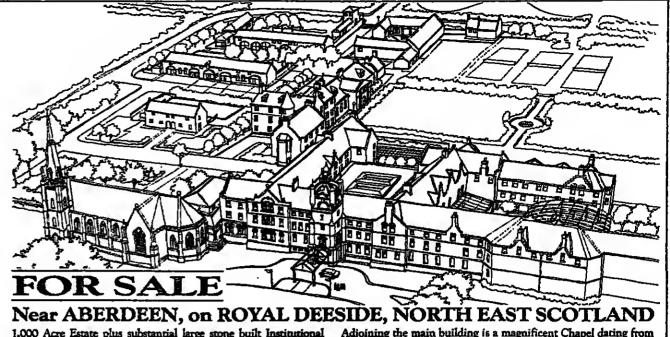
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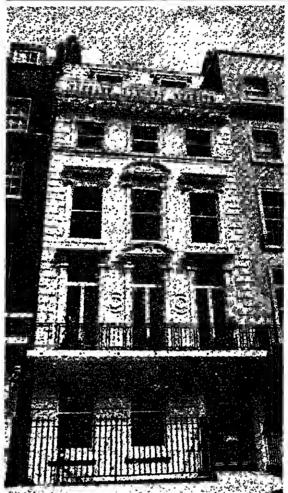
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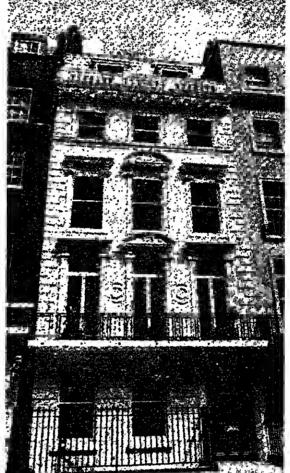
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COMMODITIES AND AGRICULTURE

Brazil's coffee chief plans tough stance at pact talks

MR JORIO Dauster, president of the Brazilian Coffee Instilute, said yesterday that any attempt to negotiate a new International Coffee Agreement would have to take into account the consolidation of Brazil's lead in the coffee mar-

He explained that the IBC had encouraged heavy coffee sales since the abandonment in July of the agreement's pricesupporting export quota sys-tem, broadening its former one-third share of the world market. "It is not possible to reconstruct the status quo," said Mr Dauster, "the problem now is mora complex." Mr Dauster, who leaves today to head the Brazilian delegation at the second week of the International Organisation's annual meeting in London, said he saw little chance of reactivat-

in any country's attitude," he said, "and as long as the original impasse that led to the agreement's collapse is not dealt with, there can be no new

Mr Dauster added, however "I will discuss anything, Brazil is a country of dialogue, but we have a clear, defined and coherent position.

He said that Brazil would support any "viahle" proposal to revive the agreement as long as it did not reduce Brazil's quotas.

The agreement collapsed in July when Brazil, the largest coffee producer, rejected attempts to reduce its share of ICO export quotas. The US, the largest consumer, attacked the widening gap hetween free market prices and the higher prices paid under the terms of the coffee agreement.

Coffee prices have fallen by

about 40 per cent since the col-

lapse of the agreement. US President George Bush has come under intense diplo-matic pressure from Colombia, the world's second biggest coffee producer, to back the resurrection of the export quota sys-

Last night President Bush was meeting President Virgilio Barco of Colombia in Washington. Apart from briefing the US president on Colombia's drug war, President Barco is expected to raise the coffee issue

Coffee is Colombia's main legal sonrce of foreign exchange, accounting for about a third of its export receipts.

The ICO talks in London have made little progress this week. Yesterday traders on the London Futures and Options Exchange (Fox) said they did not expect any major decision's to be made before Mr Dauster's arrival on Monday.

Good start for base metals index

By Kenneth Gooding, Mining Correspondent

METALLGESELLSCHAFT, the diversified West German natural resources group, says that trading in its new MG Base Metal Index is off to a betterthan expected start.

The group says that the new over-the-counter trading instrument was particularly designed to attract institutional investors who were previously wary of putting money into individual metals markets. The effect should be to give the metals markets increased liquidity.

Since the launch of trading at the begining of August, MG says that more than 2,500 contracts have been traded and that six out of ten customers are financial institutions.

This proves that there was and is a need for such an instrument. In less than two

months we traded more contracts on the MGMI than aluminium contracts were traded on Comex (the New York Com-modity Exchange) in the whole of 1988," says Mr Patrick Crabbe, the director responsi-ble for launching trading in the Index in London.

Trading, 24 hours a day, is handled hy MG in Hamburg. Switzerland, Tokyo and Seoul as well as London, It is now looking for an exchange where the index could be traded.

The most ohvious one is the London Metal Exchange but so far the LME has been taking a "wait and see" attitude. The exchange in the past has coneidered launching its own base metals index and undoubtedly this has influenced its response to MG's overtures. Mr David King, the LME's

chief executive designate, said yesterday that the exchange would watch the progress of the MGMI closely hut he doubted if any action would be

taken quickly.

Market reaction to the MGMI is divided. Some suggest It has great potential and could repay MG's heavy launch investment very quickly. Others are just as sure it will quickly fada away. The MGMI is quoted in US dollars and based on a "basket" of six base metals traded on the LME, weighted according to the consumption of each in the western world relative to total western world consumption of all six metals: aluminium 42.6 per cent; cop-per 25.4 per cent; zinc 16 per cent; lead 13.5 per cent; nickel 1.9 per cent and tin 0.5 per

Brussels tries to defuse levy row

By Tim Dickson in Brussels

FINANCIAL PRESSURES on the European Community's cereals farmers could be eased marginally if member states agree to a proposal quietly adopted by the Brussels Com-

The move represents a modest concession by the Agricul-ture Commissioner Mr Ray MacSharry to those who have been campaigning against the 3 per cent additional co-responsibility levy on cereals - a controversial tax introduced after the famous 1988 EC "stabilisers" Summit designed to discourage overproduction. Under the rules of the regime there is the "basic" 3

per cent levy, imposed before the 1988 summit and which has to be paid in all circumstances, as well as the "additional" 3 per cent penalty which applies only if the annual cereals harvest throughout the Community exceeds 160m tonnes. On top of this, of course, there are the cuts in the guaranteed price, also triggered above the 160m tonne limit.

As things stand the extra 3 per cent co-responsibility levy has to be collected from farmers in October pending precise determination by the Commis-sion of the final harvest figures (an exercise which it is not ohliged to complete until

COCOA - London POX

March 1). What the lobbyists argue is that in years when the harvest is likely to undershoot this so-called maximum guaranteed quantity — and until recently 1989-90 appeared to be just such a year — producers are shouldering an unfair bur-den in the form of the adverse effect on cash flow.

Now the Commission has proposed that Brussels makes two annual crop estimates one in September on which early payment (or not) of the additional co-responsibility levy would be based, another at the end of the season which would be the definitive figure

LONDOM METAL EXCHANGE

India and Bangladesh plan jute strategy

By K.K. Sharma in New

INDIA AND Bangladesh have agreed to formulate a joint strategy for marketing jute in world markets in the hope of getting better prices for the

commodity.
At Ministerial talks on the subject this week, they agreed that such a strategy was needed to tackle the challenge posed by synthetic fibres. Between them the two coun-

tries account for nearly 80 per cent of the world's jute pro-duction. They feel that global environmental concerns about synthetic packaging materials synthetic packaging materials have generated a new interest in jute and hope to exploit this through promotional measures aimed at stimulating demand.

They have agreed to share their know-bow to develop jute cultivation and diversity

jute currication and diversity jute products so that the world market share for the commodity could be increased. For this, they agreed to take steps to increase raw jute productivity and improve quality.

Bangladesh has sought

Indian help to modernise its jute industry and this is to be given so that Bangladesh can develop its own technological capabilities.

India recently contributed

\$40,000 to the International Jute Organisation to launch a promotional campaign and Bangladesh has agreed to allot \$25,000 for the same purpose. India has noted an increased demand for jute in recent months. Jute goods worth Rs 820m (£30m) were exported from April to July compared with Rs 750m in the same

period last year, according to Mr R.N. Mirdha, Minister of

Deadline for tin settlement

extended

CREDITORS OF the International Tin Council yesterday extended for a month the deadline by which they want the 22 ITC member countries to settle out-of-court their claims arising from the 1985 collapse of the ITC's tin price snpport scheme, Renter

reports.

The creditors say they are willing to accept £187.5m in settlement but talks between council representatives in London for the past week ended still £12m short of this target.

Delegates said creditors had given more time to take the pressure off those countries which are being asked to fill the gap. The next ITC meeting is scheduled for October 25

Sheep turned away at Suez Canal

By Tony Walker in Cairo

EGYPT HAS refused to allow a shipment of 10,000 Australian live sheep to be transhipped through the Suez Canal on the grounds that the animals are diseased.

The Italian owners of the sheep have now been obliged to move the ship, the El Cordero, into international waters away from the Egyptian coast while negotiations continue onshore to secure passage through the Canal.

There have also been problems about securing adequate feed for the sheep. The local agent said he had arranged for 35 to 40 tons of fodder to be loaded on board in international waters, after the Egyp-tians refused to allow feed to be transferred to the El Cordero while it was in port.

Egypt's decision to block passage to the sheep is a fur-ther body-blow to the Austra-lian meat and livestock industry whose A\$230m annual live sheep trade to the Middle East has been thrown into turmoil following claims hy Saudi Arahia and Abn Dhabi that some of the sheep are diseased.

The rejected cargo of Australian sheep has been on the high seas for about two months after beginning its "voyage of the damned" in Fre-mantle, Western Australia. The sheep have been turned away from Dammam in Saudi Arabia, Ahu Dhabi in the United Arab Emirates, the port

Port Suez at the southern entrance of the Snez canal. SIBA, the Italian owners of the shipment, had planned to transfer the sheep to smaller vessels in Port Suez for passage through the canal for sale in Europe.

of Aqaba in Jordan and now

Offers hy the Australian Government to "donate" the sheep in countries in the Mid-dle East have all been rejected. Jordan and Egypt, among other regional states, said they could not accept a "gift" of the allegediy contaminated Austra-

lian sheep."
Saudi Arabia claimed the sheep were suffaring from "bine tongue" and "sheep pox." Abu Dhabi rejected them on the grounds that they were hrucellosis carriers which can cause Maltese fever in humans. Australian officials in the region have strenuously denied that the sheep were diseased. They have demanded international verification of the tests that have been carried out.

An Australian businessman involved in the live sheep trade today accused Middle East states of "killing our produc-tion and Australia's reputation." The husinessman, who did not wish to have his name or that of his organisation published, said that Australian shaep wera "beautiful and healthy."

The whole issue, which has been given extensive coverage in the Arabic press throughout the Middle East, has been highly emharrassing for the Australian Government and for the Australian Meat and Livestock Corporation, which markets of Australian meat products in the region. Australia has been obliged to

suspend shipments to tha lucrative Saudi market. The Saudis were importing up to 3.5m live sheep annually out of total Australian exports of 7m.

Egypt's refusal to allow the sheep to be transhipped to two smaller vessels in its territorial waters and to withhold permission for the shipments to pass through the Suez canal will attract further unwelcome attention to the live sheep

The Australian embassy in Cairo refused comment yesterday, saying that it was a mat-ter for the local agent. A repre-sentative of SIBA said that efforts were still being made to secure Egyptian permission for the sheep to he transhipped through the canal.

through the canal.

He said that Egypt's quarantine authorities had raised no objection to the sheep pasing through the canal, but the Navy had vetoed passage. The military was concerned, he said, that sheep might die in transit and be tossed overboard in the canal.

in the canal

Tha sheep were originally transported to Saudi Arabia hy the Saudi Transport and Trading Company. When they were rejected in Dammam, SIBA acquired them for sale elsewhere. The drama continues.

Wool holds back Australian commodity earnings

By Chris Sherwell in Sydney

THE AUSTRALIAN Government, in a quarterly review of export earnings from the commodities sector in the current year, has again revised downwards its official forecasts for wool, the country's higgest resource export.

The forecast of A\$4.9hn, made hy the Australian Bnrean of Agricultural and Resource Economics, covers the 12 months to June 1990 and compares with projections of A\$6.5bn in March and A\$5.7bn in June, In 1988-89 wool exports hit a record A\$6.0bn.

The Bureau attributes the downward revision to weaker export demand and lower average wool prices - a trend which has already obliged the Australian Wool Corporation to purchase around 50 per cent of the wool offered in the current season through its floor price scheme.

The revision has also forced the Bureau to adjust downwards its June prediction of overall rural exports. It now says they will reach A\$16.8bn in 1989-90 instead of A\$7bn. This is still higher than last year's A\$15.9bn thanks to strong rises in exports of wheat, sugar and beef, but rep-resents only half the growth

Regarding mineral exports, the Bureau expects these to rise above A\$23.5hn from A\$20.5hn, an increase of around 15 per cent compared

with 9 per cant last year.

Aluminium is the only mineral commodity expected to show a significant fall in earnings, but this will be more than offset by a larger increase in exports of alumina (aluminium

Gold production is forecast at 210 tonnes, up 13 per cent, while gold exports are put at 180 tounes with a value of A\$2.9bn, up from last year's 155 tonnes at A\$2.5bn. This will make gold Australia's fourth largest commodity export.

Increased earnings are also forecast for the bulk commodities coal and iron ore, and for liquefied natural gas, which is now being exported to Japan from the A\$12bn North West

Shelf project. Overall, the Bureau forecasts that Australian commodity exports will fetch A\$39.8bn in 1989-90, np nine per cent. "Although this figure, if

realised, would he a record level," it says, "it is somewhat lower than earlier expectations, largely reflecting revisions to the outlook for wool The Bureau also points out that, unlike last year when the growth in commodity exports reflected higher export prices,

this year's performance will be dominated by a substantial 11 per cent increase in volumes. It forecasts a marginal decline in prices, following a 7 per cent rise in 1988-89.

Palm oil producers launch 'informal' cartel

MALAYSIA'S MAJOR oil palm plantations, which control more than 60 per cent of the country's production, have launched an informal cartel to try to support prices, Kuala Lumpur traders said, reports

Reuter. The growers have agreed not to sell crude paim oil below 720 ringgit (£166) a tonne and to hold surplus stocks beyond the peak production months, an executive at one plantation house said.

"We decided to get together to stop palm oil prices from falling further after they hit rock bottom in early August,"

Crude palm oil prices, which have been depressed by excessive stocks during current

(Prices supplied by Amalgamated Metal Trading) US MARKETS

high-output months, hit a 30month low of R645 a tonne on August 10. They have since recovered to more than R750 a

Peak output runs from July to November in Malaysia, which produces more than 60 per cent of the world's palm The Malaysian Oil Palm

Growers' Council declined to comment on the price-control However, producers said it

Lumpur Kepong, Kumpulan Gnthrie, United Plantations and Harrisons Malaysian Plan-

tation. "This holding of stock is

IN THE METALS, eldeways action was

seen in most markets as many ewait

Drexel Burnham Lambert. In the softs, sugar fell chamby as liquidation was

een ahead of October'e expiration.

Cocoa was also lower with heavy trade selling noted. Short covering railie coffee late in the day after e quiet

ssion. The grains all closed higher led by the soybean and corn markets

Local short covering ahead of the stock or hand report provided support. Corn futures were firmed by fresh export

higher prices in the beilles and hogs ahead of Fridays pig crop report. Cattle was steady due to an expected

business. The livestocks featured

demand for cash beef. The energy

Fridays leading Indicators, reports

nothing abnormal during peak months," said Mr Oo Leng Hwa, marketing chief of Kuala Lumpur Kepong. "It is to nsure we won't go short."

Mr Oo said growers were unhappy with the huge discount on price palm oil prices against soyabean oil, which was currently selling for about 50 per cent more than palm

Plantations said they had to work together now as, although there were a few big buyers of palm oil, there were included the state-owned Federal Land Development Authority, Sime Darby, Kuala international market.

They said the main buyers were the Soviet Unlon, Pakis-tan, India and Middle Eastern

Plantations executives said

countries.

565/2 577/2 590/6 599/2 605/0 603/4 591/0 587/6

598/4 598/0 608/0 913/0 811/0

their chief fear was that oil would be sold below the agreed price hy millers, who generally did not have the capacity to hold more than two weeks' out-"We are out of the worst

now. The hottom is history, yon won't see it again this year," one said. The relatively low palm oil

price has attracted demand. Prices surged last week after trade talk of a large Soviet purchase, reported to be for 70,000 tonnes of oil for November shipment.

Bnt traders said stocks, which the trade expected to hit 850,000 tonnes at the end of this month from last month's official 783,182 tonnes, were still a dampening factor.

LONDON MARKETS

on the LME. Traders said active buying from en influential merchent, recently into life after a dull dev in which prices had been moving very narrowly. Three-month zinc closed shove the \$1,665 e tonne resistance leve), signalling the potential for further gains today, traders said. Copper prices rose early on trede buying and shortcovering after news that Japenese smelters were becoming concerned at has shut down Canade's Highland Valley copper mine since July S. Cocoa closed sherply lower as prices lollowed New York down in the afternoon. Fundamentals remained beerish, dealers said. Sellers had the upper hand and prices were testing underlying support by the close.

SPOT MARKETS

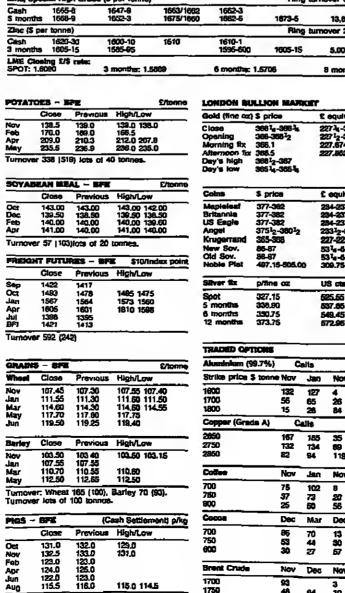
Crude oil (per barrel FOE)		+ or
Duba: 8 rent 8 lend W.T.I. (1 pm est)	\$15.75-5.85q \$18.00-8.10w \$19.80-9.85q	+.475
Oil products (NWE prompt delivery per to		+ or
Premium Gasoline	\$213-215 \$171-172	-1 +1
Gas Oil Heavy Fuel Oil	\$95-96	+212
Naphtha	5155-157	+4
Petroleum Argua Estimates		
Other		+ or -
Gold (per troy oz)	\$368.5	-2.0
Sliver (per troy oz)-	527c	+1
Platinum (per troy oz)	\$491.25	-1.00
Palladium (per Iroy ozi	\$138.25	-2.50
Aluminium (free market)	\$1715	-10
Copper IUS Producer)	135%-144c	-1,2
Lead (US Producer)	40.Sc	_
Nickel (free market)	500c	-5
Tin (Kuala Lumpur market)		+0.04
Tin (New York) Zinc (US Prime Western)	377_5c 80.25c	+25
Cattle live weight)†	117,835	+1.38
Sheep Idead weight)†	144,61p	+2.811
Pigs (live weight)†	103.520	-5.67*
London daily sugar (raw)	\$358y	+4
London daily sugar (white)	\$427y	-1
Tate and Lyle export price	C338	+s
Berley (English feed)	£108.5₩	
Maize (US No. 5 yellow)	£123w	
Wheat (US Dark Northern)	£124w	
Rubber (spot)♥	56.50p	-0.25
Rubber (Nov) 🖤	59.50p	-0.25
Rubber (Dec)♥	60.25p	-0.25
Rubber (KL RSS No 1 Octi	224,5m	-1.0
Coconut all (Philippines)§	\$510v	
Palm Oil (Malsyslan)§	\$327.5w	
Copra (Philippines)9	\$315	
Soyabeans (US)	£162q	
Cotton "A" Index	60.1¢	-1.2

setars asiwrento assinu princi s 3 c-cents/lb. r-ringgit/kg. y-Oct/Nor Meal Commission average fatste change from a week ago. \$\text{\$\text{\$\text{\$\text{\$V\$}}\colors}\$}

	Close	Previous	High/Low			Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Sep	900	750	746 735	A	uminium	, 99.7% pert	y (\$ per tonne)			Filing tu	mover 7,425 tonne
Dec Mar May	774 741 747	795 756 761	799 768 759 785 763 740		ish months	1717-20 1715-8	1717-22 1710-5	1717/1705	1714-6 1712-5	1717-0	32,076 lots
Jul -	761	774	778 757	Ce	opper, Gr	rade A (£ per	tonne)			Ring turn	over 34,175 tonne
Sep Dec	779 802	789 \$18	791 770 820 798		ish months	1746-7 1745-6	1719.5-20.5 1719-20	1748/1745 1748/1742	1744-6 1746-7	1748-0	71,000 lots
		4345) lots o	it 10 tonnes is per tonne).	Daily Le	ed (£ pe	r tonne)				Ring tu	mover 5,350 tonne
price i	or Sap 28	883.44 (903 3 (906.28)	.75) :10 day av	erage Ca	ish months	457-8 457-8	457-8 455-8	462/458 460/455	461.5-2 438-9	458-9	13,416 Jobs
				Ni	cited (5 pe	er tonne)				Fling t	umover 768 tonne
COFF	Close	Provious	High/Low		tah months	10675-825 10625-50	10850-850 10600-50	10900 10650/1060	10875-900 10800-25	10800-50	5,901 lots
Sep	749	768	760 749	71:	n \$ per t	tonnel				Filing tur	mover 1,385 tonne
Nov Jan Mar	767	779 785	779 783 783 769		ish months	8230-45 8270-80	8160-80 8220-30	6410/8150 6400/8225	8140-50 8225-30	8400-20	5,503 lots
Mer Mey	790 806	801 818	797 785 815 800	21	nc, Speci	al High Grad	le (5 per tonne)			Aling tur	nover 8,725 tonne
Jul Sep	830 850	833 851	830 823 845 843		ish months	1665-8 1668-9	1647-9 1652-3	1663/1662 1675/1660	1662-3 1662-5	1673-5	13,677 lots
		2317) lots o	d 5 tonnes ents per poun		ac (S per	tonne)				Fling tur	nover 2,525 tonne
Sep 27	7: Comp. (fally 68.76 (68.31). 15 day	aver- Ca	ish months	1620-30 1605-15	1600-10 1585-95	1610	1610-1 1596-600	1605-1S	5.001 kots
				SP	NE Clost OT: 1.60	ng S/\$ rate: e0	3 months: 1.5	589	6 months: 1.5	706	8 months: 1.5525
	R - Lone		(\$ per	ionne)							
Oct Dec	324.00 \$14.00	325.60 318.80	330.00 319.00 317.00	20	TATOE	- EFE		£/tonne 1	ONDON BULL	ON MAJIKET	
Mar	308.80	314.00	317.40 306.80	. =	C	ose Previ	ous High/Low		Sold (fine oz) \$ (orice	2 equivalent

y	me close.						
			SUGAR	- Lond	ов РОХ	(\$ per ton	ne)
			Raw	Close	Previous	High/Low	
			Oct	324.00	325.80	330.00 319.00	
1		+ or -	Dec	\$14.00	318.80	317.00	
<u>'</u>			Mer	308.80	314.00	317.40 306.80	
	\$15.75-5.85q		May	304.00 298.00	308-20 302-00	311,20 302,00 304,00 300,40	
	\$18.00-8.10w		Aug Oct	287.00	289.20	281.00 287.00	
	\$19.80-9.850	+ 0.35	White	Close	Previous	High/Low	
			Dec	385.00	402.00	402.00 392.50	
TE	one CIF)	+ or -	Mar	392.00	396.50	338.00 389.50	
	\$213-215	-1	May	393.00	395.00	396.00 391.00	
	\$171-172	+1	AUO	392.50	394.50	393.00 390.20	
	\$95-96	+212	Oct	376.00	382.00	381.00 379.00	
	5155-157	+4	Dec	371.00		377.00 374.00	
63			Turnove	er: Raw	5282 (8419	liots of 50 tonn	93.
		+ or -	White 2	329 (2370 Whata IEE		e): Dec 2525, I	da.
	\$368.5	-2.0	2505. M	ay 2485.	Aug 2510.	Oct 2420, Dec 24	20.
	527c						
		+1					
	\$491.25	-1.00	CRUPS	OIL - 15	HET .	\$/bar	rel
	\$138.25	-2.50					-
	\$1715	-10		C!ose			_
	135%-144c	-1&	Nov	17.30		17.89 17.65	
	40.5c		Dec	17.75	17.50	17,74 17,60	
	500c	-5	Jan	17.62	17.48	17.64 17.59	
at)	21.64r	+0.04	IPE Inde	17.96	17.47		_
	377.5c	+25	Turnove	r: 6268 (1	1154)		_
	80.25c						
	117,635	+ 1.38	GAS C	L - 198		Siton	
	144,61p	+2.81*					
	103.520	-5.67*		Close	Previous	High/Low	_
	\$358y	+4	Oct	179.50	167.00	170.50 168.50	
9)	\$427y	-1	Nov	169.25	165.75	169.25 167.25	
	C338	+S	Dec	168.25	165.00	168.25 168.25	
			Jan	156.50	163.25	168.75 165.25	
	£108.5₩		Feb	163.00	160.50	163.25 162,00	
	£123w		Mar	157.00	157.00	157.25 156.75	
)	£124w		Apr.	152.00	151.50		
_	<i>26</i> 50		May	156.00	154.50		
		-0.25	Jun	156.00	152.50		_
		-0.25	Turnove	r 8530 (91	31)lots of 1	CO tonnés	_
		-0 <u>.25</u>		5000 (0.			
4	2 <u>24</u> .5m	-1.0					۰,
	SSIOv				CETABLE		-1
	5327.5w		[One of	this week	k's best buy	/s are Cox's	ł
	\$315					FFVIB. Also	1
	\$310 £162a				miey spole		-1

-0.25	Turnover 8530 (9131)lots of 100 tonnes
-0.25 1 -1.0	
-1.2 p-penco/kg. v. x-Oct/DecNov. z-Dec. don physical illion markel	FRUIT AND VEGETABLES One of this week's best buys are Cox's apples 25-50p a lb. reports FFVI8. Also plantiful are 8-ramley apples 20-40p. Bananas are unaffected 40-55p. Seedless grapes including Sultans and Thompson are in at 20p-£1.20. Broccoli remains a good buy 40-65p and red and white cabbage are 20-30p. Cauliflowers are super value 30-60p each, and 8 russels sprouts are rising in supply 30-50p a lb, a sure sign winter is on it's way. Celery are in at 30-50p a head. Cucumbers remain 30-60p each. Lottice continues to be a good buy 40-50p. Tomatoes are also plentiful with beef 50-80p a lb and red cherry 60-90p a 12 lb.



1700 1750 1800

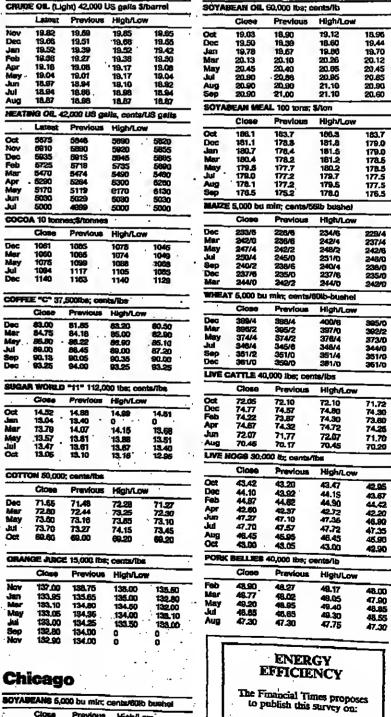
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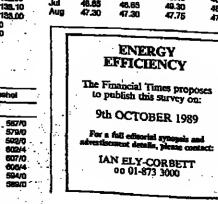
115.0 114.5

10101 2,025 (GIA)10	traders wer	B 00 8
5.001 lots		
8 months: 1.5525	New Y	for
	GOLD 100 tro	y oz.; \$/
	Close	Prev
snelaviupe 3	Oct 365.1	367.
227 ¼ -228 ¼ 227 ½ -228	Nov 370.7 Dec 372.8	370. 372
227.674	Feb 376.9	372. 376.
227.862	Apr 381.2 Jun 385,4	380.
	Aug 389.6 Oct 383.9	368.
	Dec 398.2	397
2 equivalent		
284-237 234-237	PLATINUM S	troy o
284-237 233 ¹ 2-236 ¹ 2	Close	
221-229	Oct 498.4	495
534-64 534-64	Nov 496.4 Jan 497.9	498
309.75-314.85	Apr 501.4	501
US cts equiv	Jul 504.4 Oct 507.9	
825.65		
537.65	SILVER 5,000	trov oz
549.45 572.95	Close	Pren
	Oct 526.5	525.
	Nov 531.1	529.
Puts	Dec 535.0 Jan 538.0	533. 536.
Nov Jan	Mar 547,1	545.
4 19	May 555.1 Jul 683.5	553. 562
26 55	Dec 588.8	583.
84 114	Jan 587.8	587.
Puts		
35 95 89 141	COPPER 25,00	
119 199	Close	Prev
Nov Jen	Oct 124,45 Nov 122,25	
8 29	Dec 120.75	
20 50 56 77		
Dec Mar	INDICES	
13 31	RELITERS (B	ase: Se
30 55	Sept	
57 86	1674	.7 15
Nov Dec	DOW JONES	
3 22 10 40	Spot 129.4	
10 40 30 65	Futures 129.9	4 13

complex was strong but large volume traders were on the sidefines. Troy oz. vious High/Low z, \$/troy oz. wious High/Low 497.5 5.7 6.7 6.8 1.8 4,8 cents/troy oz. 0 536.5 648.0 588.0 563.0 ents/fbs High/Low .70 .00 .20 123.70 124.20 122.90

(DICES ELITERS (Base: Sopler	mber 18 1931 = 1001
	26 math ago yr ago
1674.7 1674.7	1922.6 1858.5
OW JONES (Base: Dec	31 1974 - 100)
pot 129.46 130.36 styres 129.94 130.63	3 129.95 132.90 3 130.56 134.82





49.18 (3/1/75)

92.6

127.4 19/1/35)

2008.6 (5/9/89)

1782.8 2443.4 986.8 (3/1) (16/7/87) (23/7/84)

1447.8 (3/1)

154.7 (17/2)

Basis 100 Govt. Secs 15/10/26, Fixed Ordinary 1/7/35, Gold mines 12/8/55, FT-SE 100 31/12/83, ⇒ Nij 11.48

S.E. ACTIVITY

215.2

105.4 50.53 (28/11/47) (3/1/75)

(15/2/83) (26/10/71)

97.3

LONDON STOCK EXCHANGE

Market slides below Footsie 2,300

A SETBACK in the UK stock market turned into a rout in the final 20 minutes of trading yesterday when technical positions ahead of this morning's expiry of both Footsie Futures and Options prompted a coland Options prompted a col-lapse in blue chip stocks.

The late slide in share prices sent the Footsie Index below 2,300 for the first time since the beginning of August. Last night's final reading of 2,291.7 on the Index, a fall on the day of 39.5, was the lowest close since July 27.

Equities were depressed throughout the session as ster-ling's weakness against the DM heightened fears of another rise in UK base rates. But trad-

Brewer

trend

bucks the

Whithread, one of the only five

gainers in the Footsie list,

attracted attention both on its

acquisition of Boddington's

brewing interests and also on predictions that it may dispose

of its spirits interests within a

The former was acclaimed

hy analysts as good for both

Whithread and phenomenally

good for Boddingtons' eps share earnings), which will be

20 per cent up over a year," said Mr Ron Littleboy of

Nomura Research. His view

were echoed by other research-

Whitbread was also stimulated

by talk of a spirits division

sell-off, which could raise

around £450m. On August 18.

Whitbread bought a chain of

US restaurants, called Sea Gal-

ley: The deal is completed

within 60 days, and US law pre-

cludes any one company from

both distributing and retailing

In theory, said analysts, Whitbread could just sell the

US side. But in practice it

would get a better deal by dis-

posing of the whole operation.

Favourites as buyer, said analysts, include Allied Lyons,

which needs a US gin brand, or

American Brands, which is said to be looking to expand

selling. The "A" shares climbed 51/4 before closing a

net 3% up 374p. Boddington firmed to 193p, although it aubsided by the close to end a

penny better on the day at

Cadbury Schweppes jumped 14 early on as takeover talk

swept the market, though the

shares slipped back in late trading with the rest of the market. Cadhury ended the day up 4 at 389p, the second

largest gain among the Footsie

The suggestion was that

Coca-Cola, after its recently

agreed large asset disposal, may now buy a large stake in

Cadbury. The speculation was

sparked off by Wednesday'a news that Coca-Cola had agree

to sell its 49 per cent stake in

Columbia Pictures Entertain-

ment to Sony. Some dealers reckoned that could tempt

Coca-Cola to try to buy Gen-

eral Cinema's 16.9 per cent

But the high cost of buying Cadbury's and the likelihood

that a takeover could run into

stake in Cadbury.

index stocks.

Cadbury wanted

Whitbread denied it intended

ormal' care

Dealers said that interest in-

	•
t Dealing	Detes
Sep 18	Oct 2
Sep 28	Oct 12
Sep 29	Oct 13
Clet 9	Oct 23
oga may teke More days si	place from
	Sep 18 Sep 28 Sep 29 Oct 9

ers stressed that the final setback reflected the equity mar-ket's pre-occupation with its internal concerns over the impending options and futures settlements, and the conse quent pressures on market

Trading volume yesterday was moderate at 403.5m shares.

US anti-trust difficulties with the Federal Trade Commission

makes a bid unlikely, said Mr

Devid Lang, analyst at Hender-son Crosthwaite. He pointed

out that in 1986 the FTC turned-

down Coca-Cola's attempt to

takeover Dr Pepper, which con-trolled around 5 per cent of the US soft drink market. He said

that as Cadbury had about 4 per cent of the US soft drink market Coca-Cola would

encounter similar problems.

In any case such a takeover

would not he Coca-Cola'a

style," ha said. Cadhury shares were also

boosted by market talk that it

was be considering taking over

a Spanish company, which

The composite insurance sec-

tor provided two of the five

FT-SE stocks in plus territory

yesterday, Commercial Union (CU) and General Accident,

with the former driven higher

by a fresh wave of speculation,

which included strong take-

Among a host of rumour-

driven bouts of activity one of

the outstanding tales was that

an announcement regarding a

possible stake increase hy Sun Alliance, which has a 14.5 per cent holding, was imminent.

Another rumour was that a

signficant stake in CU was

being built up by another com-

being made the tales in the

market quickly shifted. One

wild rumour suggested that CU

may be about to launch a size-

able rights issue to finance an

of activity in CU, and the per-formance of the share price led

him to believe that something

was afoot. On the other nano, one analyst took the view that

the outperformance of the com-

posite was a reflection of a

technical position in the mar-

ket "The bid stories in Com-

mercial Union have been going

on for more years than I care

to remember - formerly they

used to pop up every six months or so, now its every

CU shares closed 6 ahead at 451p, having touched extremes of 448p and 457p during the

General Accident were the

subject of apeculative stories

and built on recent strength to

close another 9 firmer at 1165p. Among the stories was one

suggesting the company was

NEW HIGHS (37): AMERICANS (2) BUILDINGS (3) CHES

CO ENGINEERING (2) INSURANCE (1) . PAPERS (1) TRANSPORT (1) TRUSTS (18)

PAPERS (1).
HANDS (6).
HEW LOWS (69).
HEW LOWS (10) CHEMICALS (1) STORES
(6) ELECTRICALS (7) SHORESENING (2)
POODS (2) ROURTHALE (49) ASD.

But one trader said the level

With no such announcement

would help profits.

over rumours.

acomigition.

Insurances busy

with only 53m turned over in the final hour when the market was falling heavily. In addition to the prospects for the Footsie contract expiry, the market was perturbed by strong hints that a small equity market maker will pull out today.

There were other signs of trading difficulty. A UK securities house etruggled with a substantial open position in the futures market, and a US house tried to operate a sell programme. The hints of another departure from the market making list soon expanded to take in other trad-

ing names. However, a trader from Strauss Turnbull, the Société

about to reveal a tie-up with

French group Nevigation Mixte, whose shares were

suspended in Paris on Wednes-

day, another story was that

one top UK securities house was bidding for stock in Gen-

eral Accident outside the mar-

the view that the talk of take-

over deals was premature. As

one put it "General Accident

shares are now some 15p to 210p higher than when Hurri-

cane Hugo started; there are no

sellers about and I think the market is short of stock."

Guardian Royal held up

ell, closing at 225p while Sun Alliance, where dealera reported strong two-way inter-

est, settled 4 off at 3140. The insurance brokers

extended their recent good

showing, with specialists tak-ing the view that a re-rating of

the sector, based on currency changes, could be taking place. Sedgwick added 4 at 260p and

Willis Faber 3 to 238p, while

Hogg Robinson Gardner Moun-

tain, after the excellent fig-

ures, edged np to 147p with a single large deal said to have

The clearing banks fell in

line with the market with Mid-

land 11 off at 359p and Bar-clays 8 cheaper at 533p. Abbey National eased 3 to 149%p. A persistent story that a bid for Morgan Grenfell may at last be

underway, with one of the big

West German banks said to be favourite, failed to convince

the speculators and Morgan

Cable & Wireless were 2 ahead at 557p, after 561p, after the offering of ADSs in the US.

STC were active, with 2.8m shares traded in the market and the equivalent of 5.2m said

to have changed hands in the

traded options market; ana-

lysts having been taking a

pard look at their rprofits pro

jections for the company, with at least one of the top broking

firms said to have lowered

their estimates in the past two

FW Thorpe dropped 25 to

380p after revealing prelimi-

nary profits down from £1.6m

to £1.24m. Apricot Computer were a penny easier in spite of news that Singer and Friedlan-der, the merchant bank, now

speaks for some 10.54 per cent

of the company's shares.

The final setback in equities

fell heavily on the interna-

tional bine chips, most of which figure in the FT-SE 100

list, and were therefore involved in the technical

Amberley, Berlox, Bestvood, Bibby (L),
Bodycore infl., Bridport-G, Burndens,
Cannon St. Inv., Colorod, Delsony, Fean,
(L), Harson Wirnts, Jouden (T.), NMC,
Norros, Cibics & Elect., Pergammon,
Rauma-Ropole, Resmonre, Talbes, Utd.
Gusrantse, Welpac, Wisham, LESTARE
S) MOTOPS (IP PAPERS & PROPERTY
(S) SHOES (T) TOBACCOS (1) TRUSTS (S)
GULS (6) CVERSEAS TRADESS (Y) THRED
MARGET (Z).

shares settled 2 off at 335p.

taken place.

As with CU, analysts took

Generalé aobsidiary which tracted attention from the started making markets yestermore deeply bearish influstarted making markets yester-day, commented cheerfully, "It was a wonderful day to start

market making.

Today promises to be e testing time for market professionals, if not for the institutional fund managers, who are expec-ted to remain on the sidelines. The equity market closes the books tonight on the third quarter trading performance, as well as on the two week equity account. The high point of market tension will come around 11.20am when the Foot-sie Future and Options expire. However, many analysts stressed that yesterday's tech-

ences. Prime among these the fear, eubstantially increased by the poor August trade figures, that domestic interest rates could be forced higher - especially if German

rates are raised next week.
"It's going to be a fairly close call on interest rates," said Mr Bob Semple of County Nat-West. The stock market has been ignoring fundamentals for too long, he believes, and could now fall back as far as 2,200 before becoming e buy prospect again. "The market's come out of its bid fantasies

and back into the real world and it'e not feeling so happy." after posting a 4 per cent decline in six-month profits. A 24 per cent improvement at the interim stage from TV-AM left the chares 3 weaker at 209p. Interim profits barely ahead

at £54%m did nothing to inspire United Newspapers,

closing at 617p, still 2 better on

the fate of Scottish and New-castle's Thistle Hotels Group,

whose sale to Mount Charlotte

was confirmed yesterday, ini-tially pushed the former's

shares ahead. But they lost

ground rapidly with the mar-ket, despite analysts' assur-

ances that the deal was good

Mr Neill Junor, at County NatWest WoodMac, said the price was "bang in line with expectations — S&N should

quickly make further acquisi-tions in leisures or in building

up the brewing business." He

upgraded his profit forecast for the current year from £154m to

2182m and increased next

year's figure from £190.5m to £231m. S&N touched 373p

retreating to close 12 down on

the day at 354p, Mount Charlotte slipped 2% to 80%p.

Asda continued to edge

lower as bid speculation faded.

Traders said Asda's likely pur-

chase of 61 superstores from

Gateway at a cost of £705m

takeover target. Asda share

holders have now received the

details of the Gateway pur-

would make it a less tempting

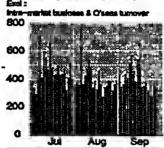
The end of uncertainty over

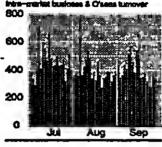
which shed 10 to 494p.

DRG cootinged to advance awaiting developments in the 590p-a-share bid from Pembridge Investments. Exactly im shares changed hands as the price touched 619p before

the day.

for S&N.





shakeout ahead of today's expiry of the Footsie futures and options. Fundamental investment criteria were largely ignored in the final

The news that Braniff Airline, the US carrier, is filing for bankruptcy under Chapter 11 of the US Bankruptcy Code for protection from its creditors, hurt shares in British Aerospace and in Rolls-Royce, two companies involved in the production of the Airbus, for which Braniff has placed orders. BAe closed at 631p, down 7 on the day, while Rolls-Royce fell to 182%p,

Redland's interim results were at the top end of expectations, but the fall in the market upset the shares which set-

Costain, amid vague bid speculation rose to close at 311p, a net rise of 4. HPB, the UK's biggest plasterboard, were 4 off at 257p hut dealers said there had been persistent strong support for the stock; BPB are highly interest rate sensitive and should have

Caradon dropped 19 to 460p in the absence of any bid news. Dixons was not helped by a

led back to end 2 off at 34%p

underwriting and insurance

services group. He is an executive director of Allied Textiles and chairman/

managing director of its subsidiary Walter Walker &

Mr Tom Craig joins the board of ASPREY on October

public relations. For the past

18 years he has been a director

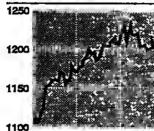
2 as director responsible for

Mr Malcolm Argent, secretary of BRITISH TELECOMMUNICATIONS,

will join the main board on

FT-A All-Share Index

nical factors might have dis-



Equity Shares Traded Turnover by volume (million)

down 3.
ICI suffered, closing 13 down at 1218p, although Smith New Court told chients that the 50p fall of the two previous ses-sions had been "well over done".

tled a net 7 off at 543p.

fallen much more than this on a day like today — if you were going to build a stake in a prime industry like plaster-board now would be the right time," said one dealer.

bearish statement from its chairman at the annual meeting, although dealers said they had expected little else. The shares slipped 3 to 140p. Addison Consultancy trick-

2 p.m. 2318.0 Open 10 a.m. 2318.0 2319.9 1 p.m. 2316.2

10.08 11.97

21,438 629.55

20,883

2 p.m. 1896.0

9.99 12.08

22,871 960.85

23,100 380,a

TRADING VOLUME IN MAJOR STOCKS

11.81

26,176 1299,54

25,741 498.2

Dey's Low 1876,2

Day's Low 2291.7

212.9

10.23 11,78

22,804

22,709 340.9

10.40

23,332

Ord. Olv. Yield Earning Yld %(fulf) P/E Ratio(Net)(☆)

SEAQ Bargains(5pm) Equity Turnover(2m)†

Equity Bargains† Shares Traded (mi)†

FT-SE, Hourly chang

10 a.m. 1900.6

4.25 10.19 11.82

25,284

890.18

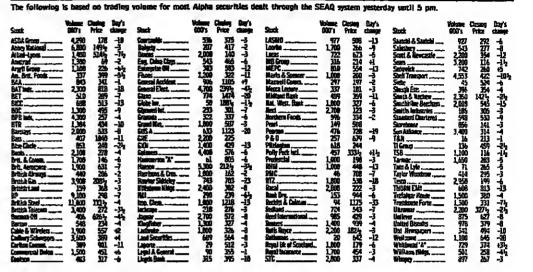
24,152 387.4

1 p.m. 1696.7

Day's High 1903.9

Day's Nigh 2323.1

FINANCIAL TIMES STOCK INDICES



chase, which one analyst escribed as being "very hullish, given the uncertain short-term impact of huying the stores." He added: "Asda is going to have to work hard to cover its funding costs." Asda closed down 10 at 178.

Tesco was depressed by further profit-taking as the market remained suspicious of the company's capitalisation of interest payments, which boosted its recent half-time results. "The results were very good. But they benefited from high interest rates. But com-mon sense would suggest that in cash flow terms, they are suffering with high interest rates." another analyst said. Tesco closed down 6 at 199p.

Shares in Vickers fell back 5 and closed at 241p, despite posting interim results in line

Among the reasons for the fall were the news that Vickers' Rolls-Royce car division would be hit by higher R&D costs in the coming year, and the view that no profits from the Challenger Two tank project would he forthcoming before 1991 if the company got the go-shead from the Govern-

with market expectations.

ment to build the tank. Analysts at Laing & Cruick-shank trimmed their year-end profit expectations to £78m from £80m. They said it was unlikely that IEP Securities, run by Sir Ron Brierley, the New Zealand based businessman, which holds around 12 per cent of Vickers stock, was unlikely to go ahead to make a full scale bid. Laing & Cruickshank said the Rolls-Royce car marque would have to revert

to the original holder on any change in the ownership of the company, and because of the defence implicatione that would have to be undertaken hy any new owner of Vickers. Devy Corporation chares took a tumble on press speculation that the company had run into problems over the construction of a power station in

The company denied the reports saying that "Full provision has been made for the cost of commissioning." In motors, Jaguar, shares dropped 8, to close at 572p on the lack of further bid news,

East Berlin, Davy shares closed

at 243p, down 12 on the day.

Other market statistics. including FT-Actuaries Share Index and London Traded Options, Page 24

Impala Platinum Holdings Limited

(Incorporated in the Republic of South Africa) Registration No. 57/01979/06

	1988/9	1987/8
	Ri	million
Consolidated Profit for year	1042.8	611.5
Profit after taxation and lease consideration	477.8	299.8
Dividends paid	144.1	103.8
per share	250 cents	180 cents

EXTRACTS FROM THE STATEMENT BY THE CHAIRMAN, Mr. S. P. ELLIS

Record worldwide supply and demand levels were again reported for platinum in 1988. It would appear that demand exceeded supply during this period, with the continuing increased use of catalytic converters in the control of automobile exheust emissions, and with demand in the

iewellery end investment sectors reaching new heights.

There was a decrease in activity in some of the major markets in the first aix months of 1989. In the automobile sector, weaker sales performance in the USA has, however, been offset by continued high levels of sales in Europe and Japan. The announcement in December 1988 by Ford of e non-platinum automobile catalyst development sent the investment market into a slump, particularly in Japan. However, investment in physical platinum could recover as the fundamental supply/demand realities assume prominance.

The platinum jewellery industry in Japan has continued to meintain record levels of sales, with further support for higher-priced iteme coming from recent beneficial tax changes. Industry sources ere confident that this merket will continue to grow over the coming year. Coupled with this, italian platinum jewellary manufacturers begen to establish themselves as major participants in world merkets, and have set their eights on the USA merket as having high potential for their exports. Prices of platinum quoted in the merket

tor their exports. Prices of platinum quoted in the merket exhibited similer fluctuations during the financial year under review to those of the previous year, ranging from \$451 per cunce in September 1988 to \$616 in December 1988.

The announcement on 8 June 1989 by the European Community Environment Ministers of the imposition of the 1983 US automobile emission standards for small cars throughout the EEC from 1992 has firmly entrenched platinum group metal-based technology in the control of amissions in Europe.

Two new legal tender investment coins were launched in the latter half of 1988: the Koala from Australie and the Platinum Maple Leaf from Canada complement the Isle of Man'e Noble, contributing significantly to demand from the investment sector.

Rutherium consumption remained steady, whilst modium continued to be absorbed in significant quentities by the automobile industry. The palladium price was boosted to abova \$140 per ounce by rumours that the platinum-free above state per outree by furnious that the platinum need automobile catalyst announced by Ford was, in fact, palladium based; secondly an announcement by scientists associating palladium with a nuclear fusion device capable of operating at room temperature caused the price to exceed Sign per ounce briefly in April and even though there is some question as to the validity of these claims, prices have remained above \$140 per ounce for most of the time eince then.

NEW PROJECTS NEW PROJECTS
The development of Gazelle Platinum Limited's new Karee
Mine is progressing eccording to plan. As a result of
favourable market conditions, the ennual production rate
of Karee will be increased to 140,000 ounces, a rate which

is scheduled to be attained during 1994. Capital expenditure on mining fixed assets for the year amounted to R211.5 million and during the current financial year is anticipated to be of the order of R190 million.

been encouraging.

The outstanding matter in fulfilling the conditions precedent to acquire e 55% shareholding in Messina Limited relates to the securing of minerel leases over the farms Doomvlei, Kafferkraal and Zebediela.

EXPLORATIONEvaluation drilling continued on the farms Middelkraal, near Karee and at Moddergat, near Northam. Drilling results have

RELATIONS WITH THE BAFOKENG TRIBE

The matter of the legel proceedinge instituted against the company by the Bafokeng Tribe was heard in the Bophuthatswane Supreme Court in November 1988 and in May 1989 judgment was given in favour of the company. An appeal against the judgment has been noted in the Bophuthatswane Appellate Division following which the company has applied for an order of court setting aside the notice of appeal. Throughout all of this time our normal routine dealings with the Tribe have continued and recently there have been indications of a willingness to resume there have been indications of a willingness to resume discussions on the future of Impale's mining operations in the Bafokeng erea.

OUTLOOK

The scramble for platinum supplies for the automobila exhaust catalyst requirements of Europe has already started. This will tend to provide upward pressure on the platinum price in the year ahead. With indications of investment interest returning, coupled with continued growth in platinum jewellery demand from both traditional end new markets, this additional support for positive price parformence should go some way towards countering the mence should go some way towards countering the possible negative effects of recessionary signe in the US

Supplies from new producers will contribute to the overall availability of platinum in the next financial year, but these initial levels of output are unlikely to close the supply demand gap significantly. Base-load demand from traditionance sectors such as the glass, petroleum, beinand gap significantly, base-load demand from tradition, el consumption sectors such as the glass, petroleum, chemicel and electronics industries will probably remain fairly stable, as will platinum supplies from Russie and recycled materiel.

recycled materiel.

One of the interesting, longar-term developments is the platinum-based phosphoric acid fuel cell. This technology is approaching economic viability in Japan, whilst commercialisation moves in the USA could make significent progress. Further, the environmental advantages of the fuel cell are assuming increasing importance in anvironmentally conscious countries. Major new areas of potential damand for platinum such as this are being actively pursued by the platinum industry in general and by Impala in particular.

Johannesburg, 7 September 1989

Copies of the Annual Report including the full Chairman's Statement may be obtained from the London Transfer Secretaries, 6 Greencoat Place, London SW1P 1PL

APPOINTMENTS

NEW HIGHS AND LOWS FOR 1989

Christian Salvesen chief

■ Dr Chris Masters is to join CHRISTIAN SALVESEN as chief executive on October 2. He succeeds Mr Barry Scaley who continues as deputy Dr Masters joined the

company 10 years ago. In 1961 he spent a period with the cold storage business in the US. thereafter becoming managing director of the seafoods been managing director of the industrial services division.

Mr John B. Roberts, chief executive of DUNLOP AEROSPACE GROUP, will be retiring at the end of
Sepember. He will be
succeeded by Mr Lou
FitzGerald, formerly managing director of Dunlop aviation division.

■ PRUDENTIAL-BACHE SECURITIES (UK) INC has named Mr Peter Zuber as managing director of UK retail equities. He was manager of the company's West End retail

Prudential Bache Capital Funding (Money Brokers) has made Mr John Clifford Jones administration director. He was previously office manager.

Mr Alan Gibson and Mr Tony Sullivan have been



JOHN LAING has made two appointments in the areas of environment and new technology and Environment). Mr Bees has become group direc-tor of both environmental affairs and information tech-nology in addition to his ETE responsibilities.

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SCOTLAND has appointed Mr Peter Johnston as its secretary from December 1. He is a senior official in the Crown Office, Edinburgh.



ogy. Both involve Mr Philip Bees (above), chairman of John Laing ETE (Energy, Technol-

appointed production director and operations director respectively for CLEVELAND BRIDGE & ENGINEERING, a member of the offshore and structural division of Trafalgar



director at Braun Electrical (UK). Mr Matthew Miller, currently Goblin's managing director, becomes chairman of Goblin as well as continuing in his role as head of the in its role as nead of the Shop-Vac European Group. Mr Peter Grant, sales director, is retiring but will remain as a consultant.

Mr James Long has been appointed director, group treasury for INCHCAPE, the international services and marketing group. He was group treasurer at Burmah Oil

Mr Roderick Gibbs, a director of London & Metropolitan Estates, has been made a director at LONDON & METROPOLITAN with responsibility for acquisitions and corporate strategy.

NFC transport division, one of the four operating divisions of NFC, has appointed Mr Steve Abel as managing director, BRS Group from October 1. He was managing director of BRS Western

Mr David Fearnley has become a nou-executive director of MERRETT HOLDINGS, the Lloyd's



Mr Alastair Glover (above) has been appointed company secre-tary and legal officer of INCO EUROPE. He will combine this position with his existing responsibilities as company secretary and legal officer of meo Alloys at Hereford.

1.

36					FINANCIAL TIMES FRIDA	Citating To obtain your free
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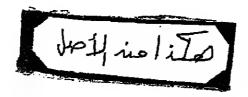
LONDON SHARE SERVICE

40

AMERICANS — Contd

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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Central banks hold dollar rise

CENTRAL BANKS intervened on as many as four separate occasions yesterday in an attempt to control the dollar's rise. But despite all the intervention and the dollar's steadier tone, the result was only a qualified success.

The scale of vesterday's dollar sales was probably greater than that seen oo Wednesday. However, given the dollar's underlying bullish trend, there is a growing feeling that cen-tral bank sales will not succeed in changing sentiment. There are suggestions that the Banks are merely selling dollars into a market with an underlying desire to buy the US unit and most traders feel that the dollar's firmer tone is likely to resume when the intervention stops.

Further measures to control the dollar's rise seem likely. Despite the strong emphasis placed on recent central bank intervention, the total of \$4hn sold over the first three days of this week by up to a dozen central banks is small in relation to total market turnover. Higher interest rates outside the US may be the next step in trying to reduce the dollar's

The West German Bundes-bank's central council meets next week and this could be an opportunity to push lending

S IN NEW YORK

5ep.28	Latest	Previous Close
Spot	1.6045 - 1.6055 0.63 - 0.62pm 1.90 - 1.86pm 6.28 - 6.18pm	1.6160-1.6170 0.70-0.68pm 2.20-1.99pm 7.40-7.30pm
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C	UR	RENC	Y RA	TES

Sep.28	Bank	Special*	European †
	rate	Drawing	Currency
	%	Rights	Unit.
Sterling # U.S Dollar	5.00 6.00 91/2 131/4 6.53	1,26846 1,27572 1,50203 16,6484 50,2091 9,31,722 2,39440 2,07751 8,10274 1,734,15 180,132 8,81140 151,073 8,19395 2,07751 209,474 0,897577	1.46645 1.09461 1.29099 14.5452 93.3686 8.09214 2.06620 2.33273 6.99623 1488.20 154.395 7.61086 131.129 1.79243 180.929 0.775278

" All SOR rates are for Sep.27. **CURRENCY MOVEMENTS**

Sep.20	Bank of England Index	Guaranty Changes %
Sterling S. Dollar S. Dollar S. Dollar Austrian Schilling Belgian Franc Donish Krone Donish Krone Betts Franc Guilder French Franc Lira	91.2 69.9 104.4 106.8 106.3 104.0 113.8 107.5 110.8 100.3 99.1 139.2	-19.9 -8.3 +12.2 +9.7 -5.9 -0.9 +21.1 +16.3 +13.6 -15.9 -18.7 +69.3

1982 = 100, Bank of England 100 1985 = 1007**Rates are for Sep 27.

Sep.28	£	\$
Argentina	1045.00 - 1054.00	650.00 - 655.00
Australia	2.0690 - 2.0715	1.2880 - 1.2895
Brazil		3.7050 3.7220
Figland	6.9115 6.9240	4.3010-4.3030
Greece	263 05 - 267.25	163.75 - 166.35
Hong Kong	12.5275 - 12.5405	7.8015 - 7.8035
Iran	117 00°	72.00°
Korea(Sth)	1071.55 - 1088.85	667.30-672.50
Kuwalt	0.4810 - 0.4830	0.2990 - 0.3000
Lunembourg	63 45 - 63 55	39 45 - 39 55
Malaysia	4.3155 - 4.3265	26890-26910
Mexico	4157 00 - 4175 00	2585.00 - 2595.00
N. Zealand	2.7140 - 2.7200	1.6925 - 1.6955
Saudi Ar	6.0305 - 6 0360	3.7500 - 3 7510
Slogapore -	3.1580 - 3.1635	1.9665 - 1.9675
5. Af (Cm)	4.3865 - 4.3975	27320 - 27350
S. At (Feb	6 3365 - 6 4635	3.9370 4 0160
Tarean	41.05-41 15	25.50 - 25.55
UAE	5 9095 - 5 9150	3 6720 - 3 6730

rates higher. Such a move would almost certainly be followed by e rise in other Euro-pean centres, including at least a one point rise in UK bank

lending rates. The dollar opened on a slightly firmer note yesterday despite further intervention by the Bank of Japan in Tokyo. Its hullisb undertone was added to by the proximity of the half-year end which prompted fur-ther short covering.

Dollar sales by central banks in Europe and again in New York saw the dollar close at DM1.8815 unchanged from Wednesday night. It was also barely changed against the yen at Y140.50 from Y140.60. Else-where, it finished at SFr1.6315 from SFr1.6305 and FFr6.3750 from FFr6.3675. On Bank of England figures, the dollar's exchange rate index closed at 69.9 from 69.7 on Wednesday. Sterling finished little changed from its opening lev-

els but was slightly down from Wednesday's close; its exchange rate index finished at 91.2 from 91.3 previously.

The Bank of England stepped in to support the pound in early London trading and this was regarded as separate from its attempts to hold down the value of the dollar. The Bank sold D-Marks and also European currency units hut it failed to prevent the pound from falling below the DM3.03 level to close at DM3.0250, down from DM3.0350 on Wednesday and its lowest

level for three months A sustained fall below the DM3.03 level is regarded as a chart pointer to a decline to DM2.95, thus adding further upward pressure on domestic interest rates. The pound slipped to \$1.6080 from \$1.6135 and Y226.00 from Y226.75. Elsewhere, it finished at SFr2.6225 compared with SFr2.6300 and FFr10.2500 against FFr10.2750.

	Ecu central rakes	amounts against Eco Sep.28	% change from Central rate	% change adjusted for divergence	Divergence littalit, %
Belgian Franc	42,4582 7,85212 2,05853 6,90403 2,31943 0,768411 1483,58 133,804	43.3686 8.04214 2.06620 6.99623 2.33273 0.775278 1498.20 131.124	+2.14 +2.42 +0.37 +1.34 +0.57 +0.89 +0.99 -2.00	+127 +157 +048 +048 +044 +047 -200	±1.5424 ±1.6419 ±1.1019 ±1.3719 ±1.5019 ±1.6689 ±4.0815
Changes are for Ecu, the Adjustment, calculated by	refore positive of Financial Time	hange denotes a ve	tok conency		

ep.28	Day's spread	Close	One month	% pa	Three mostls	P.L
	1.6030 - 1.6110	1.6075 - 1.6085	0.69-0.67cpm	5 07	2.03-2.00pm	5.0
5a	1 8915 - 1.8995	18975 - 1.8985	0.35-0.27com	1.96	0.94-0.82pm	1.83
rlands .	3.41 - 3.43	3,414 - 3,424	14.14.000	6.36	54-54pm	6.0
imp	63.40 - 63.80	63.45 63.55	31-28cpm	5.57	84-8000	5.1
ark	11.761 11.813	11.77 - 11.78	45 ₃ -4 laureom	4 46	124-114 pm	3.9
d	1.1335 - 1.1420	1 1340 - 1.1350	0.45-0.40ppm	4.50	2.10-2.00pm	3.7
THE Y	3.02 - 3.03	3.024 - 3.024	14-15 mm	6.69	45-413pm	6.0
ـــــ انتو	254.85 - 256.90	255.40 - 254.40	4-23cds	-0.63	7-4845	-0.4
	191.25 - 193.20	192.75 - 193.05	2-7mts	-0.28 1.64	1-14dis	-0.1
	21955 - 22015	22001 22011 11 144 11 15	4-21irepon	104	10-8pm 83-84pm	+5
y	11.144 - 11.18		23-25-oreom	2.96		3.0 4.5
t	102312 - 102814	10.241 - 10.2512	44-4cpm	4.76	113-115 pm	7.7
П	10.35 4 - 10.38 2	10,355 - 10,365	21s-13-orenn	2.32	63-53 pm	- 62
	22513 - 227	2253 - 2263	14-112900	8.96 6.79	42-41 pm	23 85 62
2	21.29 - 21.37	21.29 - 21.32	1212-115 com		343-315pm	6.2
erland .	2.61 9 - 2.63 b 1.4660 - 1.4780	2.613 - 2.624 1.4660 - 1.4670	15-15-groom 0.50-0.47com	6.58 3.97	41 ₈ -40m 1.44-1.39m	3.8

Sep.28	Day's .	Close	One month	P.4.	Three mouths	P.L
Kt	1.6030 - 1.6110	1,6075 - 1,6085	0.69-0.67cpm	5.07	2.03-2.00pm	5.0
elandr	1.4070 - 1.4170	1.4160 - 1.4170	0.11-0.07cpm	0.77	0.50-0.40pm	L
Sbane	1.1765 - 1.1815	1.1800-1.1810	0.30-0.33cdls	-3,20	0.92-0.97dis	-3.
etherlands.	2.1190 - 2.1375	2.1240 - 2.1250	0.26-0.24cpm	2.41	0.59-0.56pm	1.0
elglum	39.40 - 39.70	39 45 - 39 55	2.00-1.00cpm	0.45	3.50-1.00pm	0.3
ennark	7.314 - 7.365	7.32 - 7.325	0.26-0.51medis	-0.63	1.55-2.00ds	-0.9
. Germany	1.8765 - 1.8930	1.8810 - 1.8820	0.24-0.22mlpm	1.46	0.56-0.53pm	2
ortugal	159.00 - 159.75	159.00 - 159.10	54-64cdls	-4,43	205-230dls	-5.4
nin	119.00 - 120.00	119.00 - 119.10	52-57td/s	5.46	150-160ds	-5
alg	1365 - 13704	1368 4 • 13694	3.40-4.20 liredis	3.33	10.00-14 DOdis	-3.
OLMSA	6.9212 - 6 9612	6.93 • 6.931	0.97-1.32oredis	-1.98	3.30-3.6006	-1.
7002	6.36 • 6.40 %	6.374 - 6.374	0.12-0.19cdis	-0.29	0.62-0.7288	-0.4
reden	6.44 - 6.47 4	6.44 - 6 4412	1.39-1.55 oredis	-2.73	4.05-4.30db	-2.5
man	140.35 - 141.35	140.45 - 140.55	0.44-0.42ypm	3.65	1,27-1,24pm	3.
strlå	13.24 13.311	13 24 - 13 24 15	1.25-0.75cpm	0.90	3.90-2.40pm	0,
vitzerland .	1.6275 - 1.6425		0.21-0.18groom	1.43	0.62-0,72pm	17
CU	1.0965 - 1.0980	1.0770-1.0980	0.10-0.09com	104	0.33-0.30pm	1.

EI	JHO-CI	JRRENG	Y INTI	EREST	RATES	
Sep.28	Short term	7 Days	Ove Month	Three Months	Şix Montis	One Year
Sterling US Dollar Cap, Dollar D. Guilder Sw. Franc Dentschmark Fr. Franc B. Fr. (Flab B. Fr. (Coa) Yes Oskan SSing	73-75 74-74 95-95 12-10 85-85	13.4-13.4 9.4-83.1 12-11.7.5 772-77.5 93-94.1 11-10.5 814-82.5 54-54.5 91-9	141-14 94-83 121-111 73-71-75 73-71-75 73-71-75 125-1114 83-82 53-55 94-81	144-144 94-9 124-117 77-74 71-71 93-94 124-114 94-883 54-54 94-83 54-54 94-83 54-54 94-83	145-144 91-815 121-114 8-77 77-74 71-711 93-91- 125-121 94-811 101-91- 101-91-	14:-14: 9:33 113-11: 8:73-71: 9:59: 12:-12: 9:-88: 9:-88: 58:-52: 9:-88:

EXCHANGE CROSS RATES										
Sep.28	2	\$	OM	Yes	F Fr.	S Fr.	H FL	Líra	CS	8 Fr.
Š	1 0.622	1 608	3.025 1.881	226 140.5	10.25 6.374	2.623 1.631	3.418 2.126	2201 1369	1.898	63.50 39.45
OM	0331	0.532 7.115	13.38	74.71 1000.	3.388 45.35	0867	1.130	721.6	0 627 8.398	20.99

•	1 -			03.4						Dec	2342.0	2370.0
	0.532 7.115	13.38	74.71 1000.	3.388 45.35	0 867 11.61	1130 1512	721.6 9739	0 627 8.398	20.99 281.0		2385.0 colume 8177	
	1.560 0.613	2951 1.153	220.5 86.16	10. 3.908	2.559	1303	2147 839.1	1.852 0.724	61.95 34.21		ys open int. FOREIGN EX	
	0.470 0.731	0 885 1.374	66.12 102.7	2.999 4.657	0.767 1.192	1 1553	643.9 1000.	0.555 0.862	18.58 28.85	Spot 1.6020	1-eath, 1,6012	3-m 1.58
,	0.847	1.594	119.1	5.400	1 382	1.801	1160	1	33 46	DAM-STERL	Dig Se per l	
,	0 847 2 532	1.594 4.764	335.9	16.14	1,382	1.801 5.363	1160 3466	2.969	I.OO.		Latest	159
ç	Fr. ger	lo: Ura p	er 1,000:	Beiglan Fi	. per 100					Dec Mar	1 5916 1 5722	137
								Ë		i jau		
			_								-	

FINANCIAL FUTURES

Short sterling continues to fall

TRADING WAS quieter on the Liffe market yesterday, but still reasonably active, with West German Government bonds showing little change, hut short sterling futures continuing to weaken. German bonds opened at 93.34, unchanged from Wednesday's close, and finished at 93.88, railying from a low of 93.22. The market was underpinned by a slight improvement of credit

conditions in Frankfurt and

LIFTY LONG CD.T FUTURES OPTIONS 650,000 640s of 100% 3-59 3-06 2-19 1-42 1-08 0-48 0-33 432 3-13 2-10 1-24 1-24 438 348 243 249 146 145 055 LEFFE £(\$ OPT)M6\$ C25,000 (costs per £1)

revious d	0ct 15.90 10.90 5.90 2.15 0.44 0.04 0.00 I volume to lay's open is	Price 9050 9050 9125 9150 9125 9200 Estimated Previous d	Dec. 0.79 0.58 0.41 0.27 0.16 0.09 0.06 t volume total				
2-YEAR		ONAL GILT			ILS. TOE	SURY NON 32mls of 1	95 68
ec tar stimated revious o	Close 92-15 93-12 I volume 1 tay's open	92-28	92-13 92-13 00 025495)	92-20 92-20 93-17	Dec Mar Jus Sep Dec	95-1 95-1 95-1 95-0 94-2	9 7 2

Previous	day's open in	z. 27861	254957	
7-10 YE	AR 9% NOT 52mb of 10	DMAL EIL	Ť	
Dec Mar	Close	High	Low	Pr
	d volume () () day's open (c			
US TRE	SURY DOND 0 32ods of 1	5 0% 90%		
Dec Mar	95-20 95-15	11th	95-20	Pr 95-

Dec Mar Jun	95-20 95-15	95-26	95-20	95- 95-
Estimate Previous	d volume 114 day's open in	7 (5534) L 6172 (5	596)	
6% NOT	RONAL GERN 100 100ths of	AN GOVT.	90M0	
Dec. Mar Jun	00sr 93.33 93.53 93.59	Righ 93.39 93.55	93.22 93.39	93. 93.
Estimate	d volume 277		7	

BONO Y	MONAL LONG 100m 100m	of 100%	PARESE G	OVT.
Dec Mar	105.04 104.53	High 105.16 104.90	Low 104.99 104.62	Pres 105.4 104.9
Estimate	d volume 55 day's open in	9 (800)		104.

	Doze	High	Low	Pres
Dec	85.67	85.80	85.66	85.76
Mar	86.44	86.54	. 86.44	86.5
-	87.15	87.24	87.15	87.2
Sep · ·	87.63	37.66	87.61	87.6
- ·	47.40	-	40,04	. 01.00
Est. Vol.	finc. figs. no day's open in	d shown) 4	3517 (745	133
Previous	day's more an	£ 85457 C	7696EI	_
- (2110-2				
THOUT	MATTER FRANCE			
MAZE,	MONTH EURO	MALLENA		
yruz bap	45 of 188%			
	Clase	High	Low	Pres.
Dec	91.22	91.26	91.22	91.24
Mar	91.45	91.46	91.44	91,4
Jun	91.48	91.50	91.46	91 47
Sep	91.39	9141	91.36	91.3
-4	11.7	71.41	7230	71.34
C- 14-1	C-0 ft		ELE 14.4600	
DE VOL	Cac. figs. no day's open la	Paragraph of	DOG (O-C)YI	
16.120.022	med a fiber in	C 2014D C	7UT / 28	
THREE I	CONTH EURO	MARK		
DM lm r	mints of 100	%		
				- 1
	Close	Hiligh	LOW	Press.

Dec Mar Jun Sep	92.22 92.37 92.57 92.50	92.55 92.58 92.57 92.60	92.16 92.32 92.54 92.57	92.24 92.37 92.55 92.60
Estimated Previous o	uphane 858 lay's open in	2 (11934) L 20979 (186980	
FT-SE 10 £25 per fi	O DADEX	et		
Sep Dec Mar	Close 2302.0 2342.0 2385.0	2330.0 2370.0	2302.0 2342.0	Pres. 2334.0 2374.0 2417.0
	volume 817 lay's open in		29523)	
POUND-S	(FOREIGN E	CHANGE)	
Sput 1,6020	1-esth 1.6012	3-mth. 1.5879	6-mb. 1.5676	12-orth 1-5342
	or Diet de			

MONEY MARKETS

A likely dilemma

THIS MORNING is likely to be a very nervous period for the London money market. A surplus of day-to-day credit in the last two days has given no ohvious opportunity for the Bank of England to signal a rise in bank base rates, as sterling has come under increasing pressure on the foreign exchanges. A shortage today will create the opportunity for a signal, and last night the market was divided on whether this will be accepted.

ilk clearion bank base tending rate 14 per cent from May 24

The Bank of England has three factors to consider before publishing its dealing rates at noon today: will sterling hold above the strong support point of DM3.0225; will the West German Bundesbank raise interest rates at next Thursday's council meeting, and will the market buy today the £200m of 9-week Treasury hills, announced last Friday, at rates which do not signal higher

base rates. When the supplementary hill tender was announced, sterling was trading steadily, but that was before Tuesday's trade figures. The foreign exchanges have already reacted to the figures, but today will be the first real opportunity for the domestic money market to declare its

The fear is that the Bank of England will be left with no alternative but to signal higher base rates today, or be forced into the embarrassing situa-tion of withdrawing the bills on offer at the supplementary

0.976

0.293 0.454

0.527 1.575

Я FJ. Циа

C 5 8 Fr.

Yen per 1,000: Fres

Sentiment in the market last night suggested it could be a very close decision on whether base rates rise to 15 per cent today. One view was that it could be better to act early, because if the pound fails to hold above DM3.0225, and if German interest rates are increased, the situation could become far worse. In that situation, there could be no absoluteguarantee that 15 per cent would be enough to defend the

pound. The Bank of England ini-tially forecast a flat credit position in London yesterday, hut revised this to a surplus of around £200m at noon and to £100m in the afternoon. The authorities did not operate in the market before lunch, but in the afternoon sold £106m Trea-

sury hills, due tomorrow, at rates of 13%-13% per cent. Bills maturing in official hands, repayment of late assistance and a take-up of Treasury hills drained £142m, with a rise in the note circulation ahsorbing £60m and bank balances below target £65m. These factors outweighed Exchequer transactions adding £270m to liquidity.

FT LONDON INTERBANK FIXING GI 00 a.m. Sep.289 3 months US dollars 6 months US Dollars

	1	NONE	Y RAT	'ES		
NEW YORK			Treasury	Sills and	Bonds	
Limchtime) rime rate	. 101	One cooch Two month Three month Six month One year Two year		7.90 Form	year year year year	9 34
Sep.28	Overnight	Cne Month	Two Montes	Three Months	Siz Months	Londard Intervention
rankfurt. drit drit drit drit drit drit drit dri	635-675 63-675 63-675 54-513 8-01 914-974	7.15-7.30 91-91 712-75 58-58 88-88 93-10	730-745 93-94 104-104	7,40-7,60 75,-72 5E-5B 8E-9A 104-104	7 50-7.76 91 ₂ -99 ₈ 104-107 ₈	7.00 0.75
	OND	ON H	ONEY	DAT		

LONDON MONEY RATES							
Sep.28	Overnight	7 days notice	One Month	Three Months	Six Months	One Year	
Interbank Offer Interbank 81d Sterling CDs Local Authority Deps Local Authority Bonds	13% 8 13%	13% 13½ 13½	144 135 14 144	147 144 145 145 145	14.2 14.2 14.5 14.5	松	
Discount Mitt Deps. Company Deposits Finance House Deposits (reasury Bills (Buy) Bank Bills (Buy) Fine Trade Bills (Buy)	:	13%	131 142 143 134	1312 1446 1446 1341 1341	143 142 133	145 144	
Dollar CDs SDR Linked Dep Offer SDR Linked Dep Bld ECU Linked Dep Offer ECU Linked Dep Bld] :]		1415 9.00 85 81 10 1	143 133 143 9.88 88 103 103	134 144 8.92 8.4 8.4 104	8.85 8.1 8.2 10.1 10.1	

less upward pressure on German interest rates. Nevertheless an increase of 1/2 per cent in official interest rates is already discounted in the structure of fixed period

rates and such a move is widely expected at next week's Bundesbank council meeting. Volume in short sterling for December delivery was slightly under 36,000 lots, compared with about 57,000 on Wednesday. The contract continued to

LIFFE US TREASURY BORD FUTURES OFTIONS \$100,000 \$40% of 100%

0.07 0.11 0.19 0.30 0.44 0.62 0.84 Calls 5 Pats 25 2225 Pats 1972

95-19 95-17 95-12 95-02 95-02 94-27

ESOO,900 peints of 100%

15870 15982 15670 15776 15600 15610

Treasury Bills (sell): one-month 131; per cent; three months 133; per cent; Bank Bills (sell): one-month 131; per cent; three months 13; per cent; Treasury Bills; Average tender rate of descount 13.443) p.c. ECO 6 Fived Rate Sterling Export Finance. Make up day August 31, 1969. Agreed rates for period September 26 to October 24, 1989, Scheme I 14.76 p.c., Schemes II 8.11; 15.6 p.c. Enterence rate for period August 1 to August 31, 1989. Scheme IV&V: 13.80 p.c. Color and Authority and Finance Houses seem days notice others seem days from the Houses Base Rate 16 from September 1, 1989; Bank Deposit Rates for sams at sever days from the September 1, 1989; Bank Deposit Rates for sams at sever days motice of per cent Certificates of Tax Benoît (Series 6); Deposit Rates for sams at sever days motice 12 per cent; one-three months 12 per cent; three-siz months 12 per cent; stx-size months 12 per cent; one-three months 12 per cent; three-siz months 12 per cent; from May 25, 1989; Deposits withdrawn for cash 5 per cent.

Sentimant remained depressed by the weakness of the pound on the foreign exchanges and a firming of interest rates in the cash market. The important three-

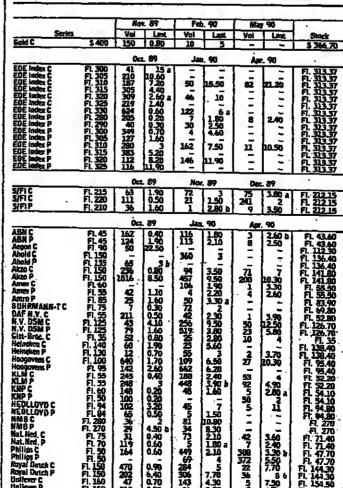
Dec 0.25 0.25 0.45 0.46 0.75 1.77

0.32 0.32 0.32 0.57 0.74 0.74 0.73 1.14

PHILABELPHIA SE SIS OPTIONS £31,250 (earls per £1) 0.02 0.05 0.20 0.67 1.57 3.02

BASE LENDING RATES							
ABN Bank Adam & Company Alded Irish Bank Henry Ausbacher Associates Cap Corp Authority Bank Sank of Baroda Sank of Baroda Sank Credit & Contin Sank of Cyprus Sank of Sociates Sank of Heland Sank of Sociates Sank of Baroda Sank of Feland Sank of Sociates Sank of	% 14 14 14 14 14 14 14 14 14 14 14	Clydesdale Bank	Hat Westminster				

Lieyis Bank Meghraj Bank Ltd McDonnell Donglas Bak Midland Bank



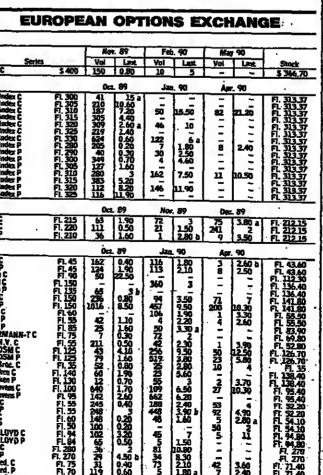
weaken, closing at 85.67, only just above the day's low of 85.66, and compared with the previous settlement of 85.76.

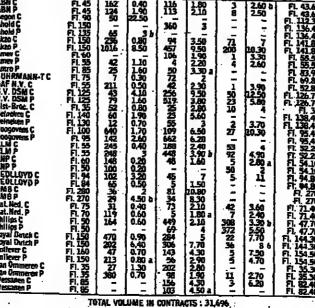
month sterling interbank rate rose to 14% 14% per cent from 14%-14% per cent.

Extinuited volume total, Calls 3462 Pais 4126 Previous day's open lat. Calls 34552 Pats 24621

BASE LENDING RATES									
% 14 14 14 14 14 14 14 14 14 14 14 14 14	Crydesdale Bank Count BL R. East. Co-operative Bank Contis & Co Crypus Popular Bk Dankar Bank PLC Dancan Lawrie Equatorial Bank plc Exeter Trust Lind Financial & Gos. Bank First National Bank Plc Robert Firstang & Co. Harmathus Bank	14 14 14 14 14 15 14 14 14 14 14 14 14 14	Hat Westminster Northern Back Ltd Northern Back Ltd Northern Back Ltd Northern Back Ltd Northern Back PLC R. Raphael & Sons Roxburghe G'rantee Royal Box of Scotland Royal Trust Back Smith & Wilhern Sess Standard Charlered TSB United Bic of Komalt United Mizzabi Bank United Mizzabi Bank United Back Western Trust Western Trust Western Trust Western Trust Western Bank Yorkshire Bank						
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Banking & Scanfiles Houses Association. * Deposit now 5.9%. Sarevise 8.5%. Too Her-Elo,000-Instant access 12.8% & Mortgage hase rate. § Demand deposit 9%. Mortgage 14.25%. - 15%.





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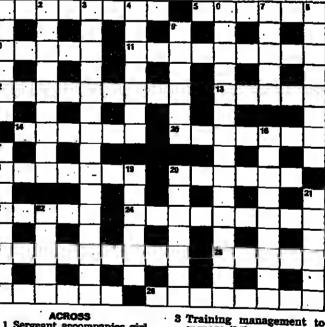
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The Investor's Channel.

CROSSWORD

No.7,050 Set by HIGHLANDER



ACROSS Sergeant accompanies girl-friend to dance (8)
 One who provides a perfect example through conversa-tion (6)

tion (6) 10 I'm depressed – there's no beginner to inspire (5)

11 Means 'referring to origins'

(3)
12 Very important professorial post occupied by child (3)
13 A high spot for flier as Rhode Island comes into view (3)
14 Country's man overseas has to remest advice smallessly.

to request advice endlessly 15 Gave up being bore (?) 18 Unusual claim about American in Oklahoma perhaps

20 There's no need for listener to be familiar with name (2,4)
22 After each quantity is consumed (5)
24 Floor-covering is unknown

in a large church (9)
25 Face the other way and go
off with several drinks (4,5)
26 Insist upon previous routine (5) 27 Not much left on original title (6) 28 Oarsman has small yard and kitcheo area (8)

DOWN 1 Oppose outside left's hasty departure (8)

2 A big sum dispersed round
Coford University is hard to

Solution to Puzzle No.7,049 MOROSE MANNUSAL

V.E.O.S.R.A.U.A.

SPACHETTI TARRY

T.D.O.E.E.U.S.M.

CLIP PATTEDDADE

B.M. C.L. T.O.

ONEROUS APPEAL

S.W. A.N.B.

PSYCHE ATTACHE

S.A.X.E.W.T.

PSYCHE ATTACHE

O.G.C.I.E.A.R.A.

MORTH THINGUMMY

G.I.E.D.U.A.A.

E.D.ORADO KERNEL

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4 Brief trouble in dock (7)

6 One can't ever count Shaw's
work (3,5,3,4)

7 Spinning company with a dog's chance (5)
8 Swells are likely in Norfolk

9 Unusually large game bird

16 Dutch vessels made their

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19 Band into which the French

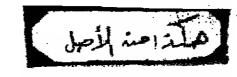
fit (6)
20 Vagrant brought up in Channel Islands by mater nal parent working (7)
21 Fairly good-looking (6)
23 Bitter about old pack of for-

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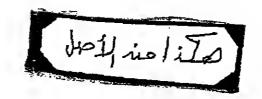
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the ability to provide sharply detailed analyses. In short-it keeps track of a global economy that's in constant motion.

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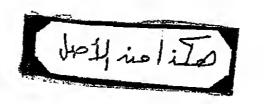
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AMERICA

Dow rises sharply on late trading

Wall Street

A LATE afternoon spurt of futures-related programme tradiog pushed equities up sharply after a quiet start to the day writes Karen Zagor in

The Dow Jones Industrial Average was up 21.85 points at 2,694.91. Volume was moderately heavy on the New York Stock Exchange, with 164.2m shares changing hands. Advancing issues led those declining by 927 to 524.

Among other market indices, the Standard & Poor's 500 was up 3.5 points at 348.6, the New York Stock Exchange Composite rose 1.73 points to 193.55 and the American Exchange Composite advanced 2.71

The stock market rally came in spite of a slight decline in the debt market, where US treasuries moved narrowly lower in quiet afternoon trading. The Treasury's bellwether 30-year bond was quoted down in point at 98%, yielding 8.25 per cent

The bond market received some initial support from the dollar, which remained relatively firm in spite of a fourth day of central bank selling.

The dollar changed hands at Y140.65 and DM1.8825, ahove Y140.25 and DM1.8800 late on ednesday in New York. IBM cootinued to plunge in the wake of its revised third quarter earnings estimate, released Wednesday, which

showed lower-than-expected earnings projections, Shares in the company fell \$2% to \$108% in heavy trading. However, the decline in IBM stock was offset by gains in other blue chip issues includ-ing Philip Morris, which jumped \$4% to \$165%; Proctor

jumped \$4% to \$165%; Froctor and Gamble, which gained \$3% to \$120%; and Marck which added \$2% to \$76%.

A number of computer stocks followed IBM'e descent including Digital Equipment, which fell \$1% to \$91% and Compace which slid \$1% to Compaq which slid \$1% to \$86 %. However, Unisys was up \$% to \$19 and Apple gained \$% to \$451/2 in over-the-counter

trading.
Coca-Cola added \$2% to has posted gains throughout the week thanks to Sony's \$27a-share takeover offer for Columhia Pictures. Coca-Cola has agreed to sell its 49 per cent stake in Columbia.
Cadbury Schweppes

improved \$1% to \$63% in

Daily (million) 200 (Average daily volume 1988 161,460,000

NYSE volume

over-the-counter trading on rumours that Coca-Cola would use the proceeds from the sale of its Columbia shares to launch a takeover bid. General Cinema, which holds a major stake in Cadbury, leapt \$1% to \$27. Sony fell \$1% to \$61%. In addition to the Columbia takeover. Sony said it would acquire Guher-Peters Entertainment for \$17.50 a chare. Environmental stocks benefitted as investors shifted their

attention away from sectors

with disappointing earnings projections. Ogden Corp gained \$1% to \$33%, Waste Manage-ment, which jumped \$2% to

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\$65%. Browning Ferris, rose \$1% to \$41% and Wheelahrator Technologies added \$2% to

Borden Inc jumped \$2% to \$36% after announcing a third quarter pre-tax charge of \$571m, which will allow the company to establish an aftertax reserve of about \$404m to restructure its businesses. Borden said it would restructure its dairy operations and leave some overcrowded markets.

AVX soared \$8% to \$29% after Kyocera of Japan said it would acquire the manufac-

turer of ceramic capacitors in a stock swap valued at about \$32-a-share. Kyocera added \$% L.A. Gear dropped \$1% to \$43% after adding 83% a day earlier ahead of its third quarter earnings report. Net income for the period was \$1.21 a share, against 50 cents a share

Canada

the previous year.

A LATE rally in Toronto pushed stocks to a higher close after active trading. The Toronto composite index was up 22.9 to 3941, its highest level of the day. Volume was 31m, with gains leading loses

Finland fails to hold its promise

Shares have nose-dived on economic news, reports Enrique Tessieri

tained growth, the deterioration in the Finnish economy has slowed trading at the Helsinki Stock Exchange, and sent share prices into a September nose-dive. The market's predicament has not been eased by embarrassing revelations in the politico-economic

The market had a promising start to the year. The Unitas all-share index, 727.00 on January 1, peaked at 815.8 on April 18. It went lower after that, but it did not seem to be in serious decline, at 753.72 on September

On that day, there were rumours of an increase in the country's 7.5 per cent base rate. The betting was on 1.5 to 2.5 percentage points. The Governor of the Bank of Finland, Rolf Kullberg, had called for a rise in an attempt to slow down inflation, and there were reports that a four-point increase had been recom-

However, politics took a hand. Just after the market closed on September 14, the parliamentary board of the Bank of Finland announced that the base rate would not be increased. Equity investors lost interest, trading took a sharp drop and by Friday, September 22, the index was down to 721.3 after 10 consecutive declines. It is significant, in this context, that Finland's three-month Helibor interest rates, effectively "repo" rates applied to the money markets, have been lifted from a much higher base, from 12.84 per cent on September 11 to 13.69 per cent

at present. There was worse to come on the economic front. This week, indications of a bigger than expected trade deficit were confirmed on Tuesday when the National Board of Customs detailed a deficit of FM2.28bn for the first eight months of 1989. Analysts extrapolated that to a FM4.8bn to FM5bn (\$1.1bn to \$1.2bn) indicated gap

for the year. The January/August figure was FM1.2bn higher than expected. It was also three weeks late. A FM5bn gap for the year would compare with original expectations of a FM1bn deficit, and a surplus of FM784m in 1988. The Finnish current account deficit, originally expected to deteriorate from last year's FM12.58bn to around FM18bn, could now be as high as FM23bn in 1989, or

Finland Unites General Index 740 720 V

September 1989 around 4 per cent of GDP.
Annual inflation for 1989 is Annual inflation for 1989 is expected to jump from last year's 5.1 per cent to 6.7 per cent. The coalition Government has built an 8 per cent increase in spending into its budget for next year. Mr Stefan Haglund of Protos, a Helsinki stockbroking house, believes that inflation will not subside to any useful degree in 1990; his forecast is around 6.2 per cent.

Helsinki brokers agree that the economy is driving the stock market down. The Unitas index, down to 697.14 on Tues-

day before the latest economic news, dropped another 22.4 points, or 3.2 per cent to 674.7 on Wednesday, Yesterday, it rose 7.9 to 682.7 in volume of rose 1.9 to 502.1 in volume of FM75m. Daily trade volumes, according to Protos. have dropped from a previous aver-age of FM100m in the period

since September 11.

Mr Haglund believes that the slack is temporary. In mid-Oc-tober, he says, Finnish companies will be putting out their six- to eight-month interim reports. He expects that these will be positive, and restore confidence in the market: " believe that when the interims come out, trade volumes will be almost back to normal," he

However, there are less optimistic viewa. Mr Jaakko Airava is a security broker, with a firm named Selin. He perceives signs of panic on the Helsinki exchange, once again blaming the worsening performance of

the Finnish ecocomy.

There is nothing positive to say, he claims, about the economy this year. He thinks that this is the key issue, and that next month'e interim reports season will not, in the end, have a significant effect on stock market trading.

Results and speculation push up individual issues

THE CONTINENT presented a ence of technical considerpicture of little change yesterday, with bourses relying on individual stocks for their excitement, writes Our Markets

Staff.
PARIS had a generally calm session, although toore were pockets of active interest created by first-half corporate

results and speculation.
Share prices closed little changed, with the OMF 50 index up 1.77 at 536.98. The CAC General opening index hit its second all-time high in a row of 554.5, up 2.3. Turnover was estimated at FFr2.50n.

Navigation Mixte, the financial bolding company, remained suspended at its own request after its share price shot up on Wednesday. It said it would hold a press conference on Monday. Paribas, the bank, picked up FF18 to FF1518 on rumours of stake-building in Navigation Mixte and in response to its 36 per cent rise

in half year profits. Strafor, the office furniture maker, rose FFr80 to FFr1,300 after good six-month results, while a disappointing first half for construction company Wednesday, left it FFr86 down at FFr1,729 in active trading. Stocks related to Lazard Frères, the mercbant bank, were busy amid rumours of

stake-selling and reorganisa-tion. Enromarche gained FFr265 to FFr4,100 and Eurafrance rose FFr185 to FFr2,755. FRANKFURT stayed mixed in moderate trading, volume declining from DMS.1bn to DM3.8hn. The DAX index, marginally higher at one stage,

closed 5.90 lower at 1.535.75. At midsession, the FAZ index came out 8.61 lower at 667.32. Toe performance of the indices - down this week, up the week before, down the week before that - reflects an ongoing argument about Ger-man equities which takes in the vigour of the corporate economy, worries about inter-est rates and the strong influ-

Warhurg, added to the debate in its latest international asset while equities are arguably dear, specific stocks must be market." says the Warhurg team, "hut enthusiastically selective of stocks."

German equities, it says, would appear to be modestly overvalued against boods at a time when the other leading markets of the world are looking fairly priced vis a vis their domestic bond markets.

However, the team is keen on stocks with managements with the ability to exploit Germany's new found strength in

international markets.

MILAN closed higher in active trading as it awaited first balf results from Fiat which, well after hours, were to show consolidated pre-tax profits up 27.5 per cent at L2.807bn. The Comit index rose

In this case, the market as a whole attracted UK support this week, as Barclays de Zoete Wedd forecast that share prices should rise a further 20 to 30 per ceot over the next 15

months. The hrokers say that the market is standing at a discount to its correct earnings value; that there should be a further 13 per cent earnings growth in 1990/91; and that the yield gap, with the dividend yield at the top end of the bond

The UK securities house, SG hriefing, and concludes that We are neutral on the

4.30 to 709.12.

yield hand, points to a substantial equity revaluation.

ZURICH closed higher in low volume, the Crédit Suisse index ending 4 higher at 643.7.

Swissair bearers rose SF755 to SFr1,400 on the co-operation and share 5wap agreement between the company and the Scandinavian airline, SAS. Swiss Re hearers were unmoved at SFr11,900, although it reported consolidated net profits up from SFr201m to SFr248m.

altered at the close after losing its grip on early gains as interest rate fears grew. The CBS teodency index edged up 0.2 to

DSM eased 10 cents to FI 126.70 on the last day for subscriptions to the second issne of government shares; 12m shares are being sold at

DAF, the truck maker, rose 20 cents to Fl 52.80; after the close, it emerged that the company had been invited to bid for Enasa, the Spanish truck manufacturer.

MADRID continued to ease on profit-taking, with the gen-eral index off 1.84 at 326.38. Banks and utilities led declines; Santander lost 16 percentage points to 862 per cent of par and Endesa fell 6.50 to

BRUSSELS suffered from profit-taking and interest rate fears, and the cash market index lost 28.45 to 6,762.92. An exception to the losers was chemical group UCB, which soared BFr975 to BFr15,850 before announcing first-half profits up 51 per ceot. STOCKHOLM closed broadly

higher in optimistic trade. The Affärsvärlden general index rose 7.76 to 1.281.26. The market was helped hy telecommunications group Ericsson, which saw its free B shares rise SKr20 to SKr800

after the company reported that it had signed a \$100m con-tract with Mexican Telecommunications Administration. OSLO closed mostly higher in moderate trading, lifted by economic improvements and stronger prices for North Sea oil. The all-share index rose 1.39 to 544.92.

SOUTH AFRICA

GOLD shares fell back sharply, in an otherwise quiet Johannsburg market, giving up all the gains of the past two days as the bullion price fell.

ASIA PACIFIC

Official guide takes Nikkei to record high

Tokyo

AN OFFICIAL guide to interest rate prospects, coupled with a wave of huying from invest-ment funds, hoosted chare prices to record highs yester-day, urites Michiyo Nakamoto

in Tokyo.

The Nikkei average began its strong uptrend in early trading, and managed to sustain it, closing 319.41 better at the day's high, and a new high of 5,689.98; the low was 35,398.36, Advances outnumbered decliners by 627 to 334, while 167 issues were unchanged.
Turnover dropped to 1.03bn

shares from the 1.06bn traded on Wednesday. The Topix index of all listed shares surged 14.52 to a record 2,696.18. In London, the ISE/ Nikkei 50 index rose 3.95 to

The market had hurdles to clear. After the statement made by the finance ministers of the Group of Seven industrial nations, indicating they would like to see the dollar fall, the bears had argued that currency moves were difficult to forecast. Furthermore, they said, Japan still had its domes tic political problems - particularly the majority opposition Yesterday, bowever, gave equities their reason to rise.

An official at the Bank of Japan stated that the central bank would not raise Japan's official discount rate in the immediate future. This helped to dispel fears of a rate rise; speculation that the West German Bundeshank would raise the Lombard Rate had triggered concern over a similar move in Japan.

Meanwhile a large amount of huying from investment trust funds came into the market to support its uptrend. The extended recovery of the yen against the dollar contributed to the improvement in senti-

Investors went for low-priced shares, with good earnings, in a wide range of sectors. Among them were Komori Printing Machinery which gained Y360

to a record high of Y5,960 and House Food, which added Y50 at Y2,960. Canon, the precision instruments maker, was most

actively traded with 28m shares and rose Y40 to Y1,960. Fuji Photo Film was Y200 higher at Y4.940, on expectations that it will post another record profit for the year ending in October. It was third on the volumes list with 16.1m shares. Fuji Film's disposable camera bas seen strong

abroad. A newspaper report that a majority of leading Japanese businessmen would consider using mergers and acquisitions to strengthen their businesses fuelled the already strong

demand both at home and

interest in companies at the centre of takeover rumours. Tokyu Land, a real estste company belonging to the Tokyu group, was second most actively traded with 20.3m shares and firmed Y80 to Y1,530. Speculation still exists about the possible transfer, to a third party, of shares in Tokyu companies which were held by the late chairman of

the group. The market in Osaka rose higher for the sixth day running with the OSE average closing up 191.04 at a record high of 36,146.43. Turnover, however, slipped to 111.6m shares from the 172.5m traded on Wednesday.

Roundup

REBOUNDS by the Hong Kong and Korean markets con-trasted with a day of little movement elsewhere. Taiwan

was closed for a holiday, HONG KONG attracted renewed foreign demand which propelled share prices sharply higher. Some observers had expected the market to consolidate befors China's National Day at the weekend, and were taken a little by surprise. The Hang Seng index gained 42.75 to 2,755.32, a 1.6 per cent rise after two days of minor

Turnover improved to HK\$961m from Wednesday's

The hanking sector, which has lagged other behind other groups, such as property issues, led the gains. Wing Lung Bank rose HK\$3 at HK\$39.25 on speculation of overseas stake-building, Bank of East Asia was 70 cents higher at HK\$15.50 and Hang Seng Bank gained 70 cents to

AUSTRALIA reacted to the previous day's active session with a period of consolidation. Share prices were little changed as the All Ordinaries index slipped 1.6 to 1,730.2. Straits Times Industrial Turnover shrank to 101m eased 7.62 to 1,371.40.

shares, valued at A\$269m; volume was restricted by the clo-sure of the Melbourne exchange for a local holiday. In the banking sector, which

was responsible for much of Wednesday's activity, National Australia Bank rose 6 ceots to A\$6.82 after new5 that Adsteam, off 10 cents at A\$9.20. had cut its stake to 11.12 per

ceot from 14.33 per cent.
Elders IXL feil 6 cents to
A\$2.94 after the expiry on
Wednesday of the A\$3-a-share bid from Harlin Holdings. SOUTH KOREA brought its 10-session decline to an end, as

to 931.95; volume was moderate at 12.8m shares, well above the previous day's 10.4m. SINGAPORE had another fairly dull day, with share prices closing mixed. The Straits Times Industrial index

confidence improved a little.

The composite index rose 7.20

GREYCOAT PLC

£26,000,000

1.923% deep discount secured Note due 1992

to finance the acquisition of

Roman House **Wood Street** London EC2

arranged and underwritten by



N M Rothschild & Sons Limited

September 1989

This announcement appears as a matter of record only

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie In conjunction with the Institute of Actuaries and tha Faculty of Actuaries

Figures in parentheses show number of stocks per grouping Australia (85)	NATIONAL AND REGIONAL MARKETS	THURSDAY SEPTEMBER 28 1989				WEDNESDAY SEPTEMBER 27 1989			DOLLAR INDEX				
Austric (19)	Figures in parentheses show number of stocks per grouping	Dollar	Change	Starling	Currency	% local	Dh.	Dollar	Sterling	Currency			
Austrie (19)	Australia (85)	153,46	- 1.5	141.48		+ 0.1		155.87	143.23	131.46	157.14	128.28	
Belgium (63)	Austrie (19)	160.64	-0.3	146.11	157.08					157.54	162.96	92.84	87.53
Caniada (123)	Belgium (63)	143.95	-0.4	132,72	140.58	-0.4	3. <i>9</i> 3	144.47	132.75	141.08	144.47	125.58	120.14
Denmark (38)	Canada (123)	149,40	+ 0.4	137.75							153.59	124.67	119,46
Frence (126)	Denmark (38)	196,47								195.75	219.89	165.35	131.41
Frence (126)	Finland (26)	123.14	+ 0.0	113.53						111.01	159.18	123.12	114.70
West Germany (97)	Frence (126)												
Hong Kong (48)		101.09	+0.2	93,21						98.72		79.56	78,68
Iretiand (177)		116.62	+ 1.7	107.52	116.82	+ 1.7	4.83	114.66	105.35	114,84	140.33	86.41	99.62
Italy (97)		160.25		147.75	159.40	+0.2	2.78	159.92	148.94	159.08	166.69	125.00	131.01
Jepán (455)		94.95	+ 0.3	87.55	97.08	+ 0.8	2.35		87.CO	96.31			
Malaysia (36)		190.70	+0.5	175.83	169.37	+0.4	0.47	189,78	174.38	168.67	200.11	164.22	
Mexico (13)			+ 0.5	187.45	210.62	÷0.8	2.48	202.32	185.91	209.41	203.30	143.35	136,04
Netherland (43)		310.81	-0.3	286.57	880.14	-0.3	0.57	311.66	286.38	882.56	321.99		153.75
New Zealand (20)	Netherland (43)			119.85	126.04	+ 0.1	4.21	129.87	119.33	125.89	130.89		
Norwey (24)	New Zealand (20)				74.35	+0.4	4.82	83.36					
Singapore (26)					177.31	+01	1 45	186.51	173.21				
South Africa (60)													
Spain (43)													
Sweden (35)													
Switzerland (84)													
United Kingdom (306)													
USA (548)													
Europe (996)	Dulled Kruddom (200)												
Nordic (121)	USA (548)	141,71	₹ 1.0	130.00	141./1	+1,0	324	140.31	126.93	140.31	153.54	11213	111,44
Nordic (121)	Europa (996)	131,34	- 0.7	121.10	125.24	-0.5	3.34	132.26	121.53	125.86	132.95	172.63	104,93
Pacific Basin (670)		167.21	8.0+	154.17	155.66	÷ 0.9	1.83	165,95	152.48	154.29	178.38	137.95	113.05
Euro - Pacific (1666)			+0.4	171.91	165.65				170.59	165.15			
North America (671)				151.68	149.54								
Europe Ex. UK (690)				130.99									
Pacific Ex. Jaoan (215) 135.37 -0.5 124.81 121.82 +0.5 4.64 138.02 124.98 121.20 137.55 111.93 117.14 World Ex. US (1862) 164.03 +0.1 151.23 148.94 +0.1 1,64 163.92 150.62 148.75 166.35 141.49 134.70 World Ex. US (2104) 155.31 +0.6 143.20 147.10 +0.8 1,94 154.41 141.89 146.23 155.65 136.98 125.39 World Ex. US (235) 154.96 +0.4 142.87 146.47 +0.4 2.14 154.39 141.85 145.87 155.92 138.67 125.74													
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World Ex. Japan (1905) 130.12 +0.3 127.35 134.75 +0.4 3.34 137.74 126.56 134.25 138.29 114.51 109.60													
	World Ex. Japan (1955)	138.12	±0.3	127.35	134,79	+ U.4	3.34	137.74	126.56	134.25	130.29	114,51	109.60

The World Index (2410)... 154.98 +0.4 142.90 146.42 Copyright, The Financial Times Limited, Goldman, Sachs & Co., and County NatWest Securities Limited, 1987
CONSTITUENT CHANGES: At the quarter-end review of the FT-Actuaries World Index, it was decided to make the following constituent changes with effect from October 2 1989: Additions: Abbey National (UK): Computer Assoc., Genulna Parls and Peoples Energy (all US). Deletions: Chase Corp.(New Zealand), Bilton (P.) Accum. (UK); Southmark, US Home and Universal Matchbox (atl US). Classification changes to existing constituents: Amoy Prop.(Hong Kong) to Real Estate. China Motor Bua (Hong Kong) to Road Transport, Delta (UK) to Electrical Equipment and Goodnich (BF) (US) to Diversified Chemicals.

